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Pàrlamaid na h-Alba

Official Report

EDUCATION AND CULTURE COMMITTEE

Tuesday 25 March 2014

Session 4

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EDUCATION AND CULTURE COMMITTEE
9th Meeting 2014, Session 4

CONVENER

*Stewart Maxwell (West Scotland) (SNP)

DEPUTY CONVENER

*Neil Bibby (West Scotland) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)
*Clare Adamson (Central Scotland) (SNP)
*Jayne Baxter (Mid Scotland and Fife) (Lab)
*Colin Beattie (Midlothian North and Musselburgh) (SNP)
*Joan McAlpine (South Scotland) (SNP)
*Liam McArthur (Orkney Islands) (LD)
*Mary Scanlon (Highlands and Islands) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Professor Paul Boyle (Research Councils UK)
Professor Pete Downes (Universities Scotland)
Gordon Maloney (National Union of Students Scotland)
Mary Senior (University and College Union Scotland)
Professor Ferdinand von Prondzynski (Robert Gordon University)
Professor Petra Wend (Queen Margaret University)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Committee Room 1

Scottish Parliament

Education and Culture Committee

Tuesday 25 March 2014

[The Convener *opened the meeting at 09:32*]

Scotland's Educational and Cultural Future

The Convener (Stewart Maxwell): Good morning and welcome to the ninth meeting in 2014 of the Education and Culture Committee. I remind all those present that electronic devices should be switched off at all times, as they interfere with the sound system.

Our first agenda item is to take evidence in our inquiry on Scotland's educational and cultural future. This is our first evidence session in the inquiry, and today we will cover higher education themes. The first panel of witnesses will focus on immigration, student visas and tuition fees, and our second panel will cover research funding.

I welcome to the committee Gordon Maloney from the National Union of Students Scotland; Mary Senior from the University and College Union Scotland; and Professor Pete Downes from Universities Scotland. I thank you for the very helpful written submissions that you gave us in advance of the meeting.

We will start with immigration and visas before we move on to tuition fees. Before I bring in other members, I will start the questioning with a quote from Professor Downes. At a Holyrood higher education conference in 2012, he said of the policy on student visas:

"As I scan the policy horizon, it's hard to see a bigger risk, or a more poisonous gun pointed at our collective success."

Professor Downes, do you want to expand on that?

Professor Pete Downes (Universities Scotland): Yes. As my remarks indicated, Universities Scotland's position on the United Kingdom immigration policy is that we dislike the current system, and we have lobbied for change for a considerable time, as the timing of the quote indicates.

We believe, and I believe personally, that the current immigration policy is putting universities in Scotland at a competitive disadvantage internationally and that the current policy can change regardless of constitutional change in Scotland—change is not dependent on independence but something that we need to lobby for. I could elaborate further, but as an opening statement that is where I begin.

The Convener: I want to ask you about why you said what you did. It was quite a strong statement. I presume that you said it because of your view on the impact of the current policy on institutions in Scotland. Can you elaborate on why that is the case?

Professor Downes: Absolutely. The impact is multidimensional: it is financial from a university perspective and economic from a Scottish perspective, and it is cultural and educational as well.

There is plenty of evidence that supports the idea that the broad cultural dimensions of a university, including the geographic breadth of the students who attend the university—both UK nationals and international students—have a marked impact on the education of our students. For example, that breadth has a very clear effect on critical thinking as students bring thinking from different perspectives, which is a vital contributor to the educational experience both of students who come from abroad and of our own Scottish-domiciled students. Being exposed to those wider cultural benefits is not only important for their personal development but provides vital skills required by employers. The employment prospects of our students are global, so ensuring that they have a global perspective is critical for their future.

Aside from direct educational advantages, there is also strong evidence that the cultural and social experience of all our students is perhaps as important as their direct educational experience of the programmes and courses that they attend. Cultural enrichment within that environment is therefore vital not only to their enjoyment of their time at university but to their personal development.

On a final cultural and social issue, let me say that our international students are some of our greatest ambassadors around the world not just immediately on finishing their degree programmes but throughout their lives. That forms the basis for future interaction between nations and is therefore really important.

From a funding perspective as far as universities are concerned, our overseas students currently bring £337 million per year in fees into universities. They also bring to the Scottish economy more than £440 million through their expenditure outwith the campus.

In summary, those are the areas of impact that our international students have that show why, if we do not provide an encouraging and supportive immigration policy, Scotland will lose out.

The Convener: Thank you very much for that. I ask Mary Senior and Gordon Maloney to give the opinion of their organisations in relation to the current immigration policy.

Mary Senior (University and College Union Scotland): UCU would very much agree with the comments that Pete Downes has just made. The UK Government's immigration policy is holding back not only universities in Scotland but universities right across the UK.

My organisation and my two colleagues' organisations gave evidence to the Westminster Parliament's Business, Innovation and Skills Committee last summer, and we all made the same points that Pete Downes has just made. Indeed, the Business, Innovation and Skills Committee shared our views, and it wrote to the UK Government to express its concerns about the impact of the UK Government's immigration policy on the university sector across the UK.

There is a danger that the UK Government's immigration policy is narrow and insular. You have heard from Pete Downes that it is not conducive to the promotion of a diverse culture among staff and students in the university sector. We are concerned that staff are also being prevented from coming to work in UK and Scottish universities in the same way as students are struggling to meet the visa requirements to study in Scotland. We think that we could have a much better immigration system that would work in favour of universities in Scotland.

The Convener: Thank you. What is NUS Scotland's point of view?

Gordon Maloney (National Union of Students Scotland): I do not want to reiterate anything that has been said, but it is one of the few issues on which the NUS and Universities Scotland agree about the vast majority of points. We also agree with the UCU. Even organisations such as the Confederation of British Industry, which we almost never agree with, have been vocal in condemning the UK Government's immigration policies.

The treatment of international students, in particular, goes far beyond their ability to get into the country. We are increasingly hearing of them being treated appallingly while they are here. There have been stories down south of students being forced to wait overnight outside offices to register and of students being tracked and asked to come back to sign in every two weeks during summer placements.

One of the issues on which we probably do not agree with the universities is the role that institutions play. Currently, during their course of study, international students can often be faced with fee increases for which they have not been able to budget year on year. I recently spoke to a student from Norway whose Government would pay their fees if they told it in advance what they would be. However, when they went to pay their fees, cheque in hand, they were told that they had gone up by £1,000. Institutions have a role to play in creating a more welcoming environment for international students.

Compared with the immigration policies of the UK Government those are small issues, but they are important nevertheless.

The Convener: Thank you very much. I am sure that other members will want to ask questions on that.

Liam McArthur (Orkney Islands) (LD): Good morning. I preface my comments by reiterating my concerns about aspects of the UK Government's immigration policy.

I was interested to see the figures that were produced for us by the Scottish Parliament information centre. To some extent, I found them counterintuitive. The fresh talent initiative visa came to an end in 2010-11, and one would have expected to see a marked reduction in student numbers in 2011-12. The figures suggest that that is the case for students from Nigeria and India but, overall, the figures suggest that the number of international students rose from 27,880 to 28,500.

The increase was largely made up of students from China and that trend appears to have been maintained. The figure for international students as a percentage of overall student numbers in Scotland has risen from 12.61 to 13.18 per cent, and in the UK as a whole it has risen from 11.92 to 12.82 per cent. Do you have an explanation for that? The hope would be that those figures would have increased by more were it not for the fact that the restrictions were in place, but the trend feels slightly counterintuitive given the messages that are being sent out about international students.

Professor Downes: You have started to answer your own question, but I would say two things in response.

First, as you rightly point out, there have been substantial falls in the numbers of students who are coming to Scotland from certain countries. I am thinking particularly of Nigeria, but there has also been a spectacular fall in the number of students who are coming from India. That is narrowing the base of countries from which we are recruiting students, which is not a good thing. In fact, to keep the number of international students more or less steady we rely almost entirely on significant increases in recruitment from China, which is not a country that is subject to intensive scrutiny by the immigration people at Westminster. That, in itself, is not a good thing.

09:45

The second point that you began to answer is that we would have been looking to see substantial and steady increases in our international recruitment during that period. I will give you an example of what our competitors are doing. During the past four years, there has been 32 per cent growth in overseas students in Canada, almost 23 per cent growth in the United States, and very high growth in Australia. Our lower growth relates in part to the unwelcoming culture rather than any specific issue and, critically, the competitiveness of our visa offer means that international students now have limited opportunities for post-study work.

Australia is a particularly good example. It had a similar policy to the UK's current policy, but it realised that it was a problem so, in 2009, it switched to a policy that encourages and supports post-study work. It is now seeing continuous growth with predictions of growth between 3 and 7 per cent per annum during the next few years.

That is the essence of the problem, and Liam McArthur has partly got that.

Liam McArthur: I have also heard you in the past talk about some of the risks that are inherent in painting a picture that suggests that the UK is closed to international students. The message was a warning that we should not talk ourselves into more challenges or difficulties than we currently face while trying to prosecute an argument for a change in policy. Do you still think that that is a valid concern?

Professor Downes: Yes. Well-publicised statements from David Willetts, Vince Cable and the Prime Minister during the past year or so have said that Britain is open for business and that there is no cap on the number of international students. However, that is really closing the door after the horse has bolted. There is no doubt that the presentation of a rather unwelcoming prospect has already damaged our reputation. That is the first issue.

The second issue is that the student figures remain within the total immigration figures for the UK and current UK Government policy is very clearly and publicly to reduce those figures. We have argued consistently that it would be sensible to take the figures that relate to student immigration out of the total figure or, at the very least, to state explicitly that the UK's objective is to increase the figures that relate to student immigration.

Liam McArthur: I have one final question. It might be a bit of a bear trap, but I ask the witnesses to bear with me.

The fresh talent initiative started in Scotland and was taken up at the UK level, perhaps reflecting the fact that one weakness in the argument for it was that, for a lot of the students who stayed on, the opportunities were not just within Scotland but were perhaps UK-wide. Is there a sense that, if we were to have radically different immigration polices north and south of the border in the event of independence, Scottish universities offering post-study leave to remain might not necessarily be as attractive if that was limited to the Scottish context as opposed to being UK-wide?

Professor Downes: The white paper on independence coincides with Universities Scotland policy in one important respect, which is to maintain a UK-wide travel area. That would make an important contribution both to answering the question on the attractiveness of the UK for potential post-study employment, and in terms of the many other attractions of that wider travel area.

A lot depends on whether such an outcome could be negotiated in the event of a yes vote. It is not for me to say one way or another. However, regardless of the outcome of the referendum, Universities Scotland would support the maintenance of a UK-wide travel area.

Mary Senior: The expansion of the fresh talent initiative was not only about the ability of students to travel throughout the UK; it happened also because English and other UK universities realised that they were missing out on a really good initiative that attracted people to live and work in Scotland and the UK. We saw it as a really positive step that it was rolled out across the UK and as deeply regrettable when it was ended.

The Convener: To clarify, the scheme was picked up by the UK and then dropped in 2012.

Mary Scanlon (Highlands and Islands) (Con): I will ask about the report by the National Audit Office, which revealed that, after the introduction of the new visa system in 2009, the UK Border Agency let through between 40,000 and 50,000 illegal students. It has also recently been forced to admit that it has no idea how many fake students are in the UK or how many genuine students have remained in the country after their leave to remain ended.

Was there a problem? Perhaps the way it has been addressed has been a bit heavy-handed—I do not know—but do you accept the National Audit Office's findings?

Professor Downes: The light on my microphone is on, so this must be for me.

Mary Scanlon: You are landed with it.

Professor Downes: Without looking at the detail of the report, I am not sure whether it refers

to all students. I imagine that it refers to all students, not specifically students entering higher education institutions, which have a high reputation for recruiting bona fide students. My understanding is that it is estimated that a maximum of 2 per cent of the applications to higher education institutions are bogus. Therefore, in the part of the sector for which I have some responsibility, bogus students are a small issue.

I thought that you were going to mention the "Panorama" television programme that exposed some corruption in the English language exams for some overseas students. Our question is to the Home Office, which verified the agency that carried out those exams. There are no implications of any impropriety from universities in that regard.

Universities are in a good position, but I could not comment on the rest of the sector.

Mary Scanlon: The National Audit Office report does not say whether the figures refer to higher education but, if the issue is not with universities, are we talking about further education or private colleges? I am not sure.

Professor Downes: I imagine that we are talking about many educational institutions that recruit overseas students, including, for example, those that teach English as a foreign language and similar programmes.

Mary Scanlon: But not universities.

Professor Downes: It is not really appropriate for me to comment on something on which I cannot be clear, so I will say nothing further than that.

Gordon Maloney: I worry that the idea of bogus students is a bit of a red herring, but I agree that there is a problem. I think that it is a problem of unscrupulous private providers that are not being regulated. We have seen the problems that that has thrown up in a number of areas—and education is one of them.

In the past couple of years, colleges in Scotland have had highly trusted status suspended. We had a sense that that change was based much more on the desire to appear tough than on any objective analysis of what was happening in those colleges. We spoke to the Home Office and asked it to come to those colleges and look for itself, but it was not interested. Thankfully, the decision has been reversed, but there is a real sense that it stemmed from perception rather than any objective fact.

Mary Scanlon: I cited the National Audit Office report, not the Home Office.

Gordon Maloney: Sure.

Mary Scanlon: Professor Downes, I do not know whether I picked you up right, but I think you said that immigration policy could change under the devolution settlement. Have you met the Home Secretary? Have you put Universities Scotland's concerns to her? Were you met with an open or a closed door?

Professor Downes: I believe that I said that the policy and any changes to it that we would prefer are not really an independence issue; policies need to change irrespective of the outcome of the referendum. I have made many representations. I have not yet met the Home Secretary, although I am attempting to find the means to do so. I have met many other senior politicians, including Vince Cable and David Willetts, whom I have lobbied personally. Universities Scotland has written appropriately from time to time to make our views extremely clear.

Mary Scanlon: Professor Downes, I am sorry, but my final question is for you again—I am making you work for your money today. You referred to the UK-wide travel area. "Scotland's Future", which I have read, states that there would be a separate immigration policy in Scotland, which would be much looser than the one in the rest of the United Kingdom. As it stands, the United Kingdom and Ireland have both opted out of Schengen. You talk about a UK-wide travel area. I have in front of me a copy of the Home Secretary's speech from the Conservative Party conference a couple of weeks ago, in which she said that there would have to be border controls if there was an independent Scotland, because there would be two separate immigration policies. I seek your comments on that. That does not sound like a UK-wide travel area, given that there would be two separate immigration policies.

Professor Downes: Those are political decisions for politicians to argue about.

Mary Scanlon: Would there be a UK-wide travel area in the event of there being two separate immigration policies?

Professor Downes: Universities Scotland would lobby both the Scottish Government and the UK Government to maintain as much as possible the UK-wide travel area. I would hope that we would be successful in making those arguments, but only time will tell.

The Convener: For clarity, I point out that it is not a UK-wide travel area; it is a common travel area, which includes the Channel Islands and the Republic of Ireland.

Professor Downes: Correct.

The Convener: From your personal knowledge, does the Republic of Ireland operate a separate immigration policy from the UK within the common travel area?

Professor Downes: I do not know the details of exactly how the Republic of Ireland operates in that regard.

The Convener: Does it operate exactly the same policy as the UK?

Professor Downes: What I am saying is that I do not know the answer to that.

The Convener: Does Mary Senior or Gordon Maloney know the answer to that question?

Mary Scanlon: My understanding is that Ireland has opted out of Schengen.

Professor Downes: That is my understanding.

The Convener: That is right. It has opted out of Schengen. I am just wondering whether the UK Government decides the immigration policy of the Republic of Ireland.

Mary Senior: I do not think that it does. The point that we are making is that it is going to be really important that staff and students are able to travel freely to Scottish universities, because universities are global institutions, for both staff and students. It is very important that that is maintained, whatever the constitutional settlement.

The Convener: Absolutely. The point that I am making is that the Republic of Ireland, with its own immigration policy, is within the common travel area, so the point that was being made by Mary Scanlon is less than accurate I would suggest.

Mary Scanlon: I was asking a question, not making a point.

Professor Downes: If you wish to discuss that among yourselves, please do so.

Neil Bibby (West Scotland) (Lab): I want to ask about post-study work visas, which we talked about earlier. They were introduced by the previous Government and were repealed by the current Government in 2012. I hope and expect that that will be changed in the future. I do not think that we necessarily need to change the country to do that. I agree with you on that point. Is the primary concern about the UK Government's immigration policy the removal of the post-study work visa? Following on from earlier questions, is it a fair assessment to say that that is the major issue, rather than visas to access study?

10:00

Gordon Maloney: To be honest, it is the whole package. The removal of the post-study work visa was unjustifiable. The hoops that international students are expected to go through to get here and once they are here are unacceptable. The whole agenda has been driven not by any rational analysis of social or economic need but by a desire to appear tough.

Pete Downes said something about including students in immigration figures. The argument has been made that removing students from those figures would be a positive step forward. I think that it probably would be a positive step, but I worry that it would feed into the narrative of good and bad immigrants, which we are very keen to avoid.

I am reluctant to pick out individual parts of the Government's immigration policy that are worse than others, because the whole package is wildly in the wrong direction.

Mary Senior: I agree with Gordon Maloney. The fresh talent initiative was a positive step and it was deeply regrettable when it was ended. That initiative was for students and then students after graduation.

Our concern is also about allowing more staff to travel into Scotland to work. We have members from overseas whose visas are about to expire and who are under tremendous pressure because they cannot get their visas renewed. If they cannot remain in the UK, that will be the end of their livelihoods.

There is a sense that the UK Government's immigration policy is very narrow and insular and not of benefit to Scotland or universities.

Professor Downes: I would say more or less the same. However, regardless of personal opinion, Universities Scotland's responsibility is to higher education institutions. That is the only basis for my suggestion that we should take the student immigration figures out of the main immigration figures. There are all sorts of other moral and personal issues around that, but I would not comment on them.

Neil Bibby: Thanks. That is very helpful.

Students from other countries make up a large proportion of the postgraduate student body. However, the figures that have been provided show that Wales has the largest proportion of international postgraduate students in the UK. It is 41 per cent in Wales, whereas in Scotland it is 36 per cent. Why are slightly more students choosing Wales than Scotland? What lessons can we learn from Wales? Has it had initiatives to attract students? Has it targeted specialisms? What can Scotland learn from Wales to increase the number of international postgraduate students?

Professor Downes: A simple answer is that I am not sure that I know the answer. One needs to look at the breakdown of taught postgraduates to research postgraduates in that overall figure, as there can be a huge difference in the make-up of the postgraduate population. Looking at that breakdown would lead to a different form of analysis in response to your question. For

example, if Scotland was doing far better on research postgraduates and less well on taught postgraduates, where the bulk numbers tend to be, the solution would be different from what it would be if that was the other way round. One needs a deeper analysis. I do not know what Wales is doing that is attracting quite so many.

Neil Bibby: I do not have a fuller breakdown of the figures; I just have the headline figure that I gave you. I thought that it was interesting and wanted to raise it as an issue.

Professor Downes: We are always looking at good practice elsewhere and we should not isolate ourselves from believing that Wales has some interesting approaches that we might want to adopt.

Neil Bibby: It also has a Labour Government, but I would say that, wouldn't I?

The Convener: You would.

Professor Downes: It is not for me to comment on whether that has anything to do with it or not.

Neil Bibby: We have touched on further education, and we want to discuss the impact on FE as well as HE. The overwhelming majority of students in FE colleges are domiciled in Scotland—the figure has been, I think, 98.5 per cent for all the past five years, while the most recent figure for the percentage of international HE students is around 13 per cent. Why is there such a discrepancy in the numbers of international students attracted to HE compared with FE?

Gordon Maloney: I do not have a definitive answer to that. Universities spend a lot of time, money and energy on recruiting international students. That is not massively on the agenda for colleges in the same way. Beyond that, Scotland has excellent universities that are internationally renowned. Our colleges are excellent, too, but they do not have the same international reputation. Edinburgh College, for example, does not have anything like the international reputation of the University of Edinburgh.

Professor Downes: I give exactly the same answer. The investment that universities put into their international agenda is very substantial. The reasons for that are the ones that I mentioned in my opening remarks about the value of our international students and what they bring economically, culturally and socially to our universities and the cities in which they are embedded and to Scotland as a nation.

Mary Senior: The college sector has just gone through tremendous change from 43 colleges to the regionalised model. Their funding has also changed—some would argue that their funding has been cut. I guess that their focus has very much been on young people and supporting them into employment. That may have taken away from some of the international work that had begun to be developed in the mid-2000s. Your question would probably be better directed at the college sector.

The Convener: I note from the Scottish Parliament information centre's table that we have been given that the figure for domiciled students in colleges has not changed over a number of years. That figure is 98 point something per cent and has been so since 2008, which is the earliest year for which we have a figure, so the numbers of domiciled versus international students do not look like they have shifted at all. I am not sure that that answers the question.

Mary Senior: I guess not. That debate would be better to have with the colleges. That could include whether we want colleges to attract international students and what is the value and purpose of college education in Scotland. I am not sure that we are the folk who are best placed to answer.

Clare Adamson (Central Scotland) (SNP): Good morning. It might be helpful to put on record that, if you have not had the chance to speak to the UK minister about the issue, Hanzala Malik asked Alistair Carmichael, the Secretary of State for Scotland, about the numbers of international students coming to the UK when he was before the European and External Relations Committee. The number of students has dropped by 23.5 per cent from India, 13.4 from Pakistan and 4 per cent from Saudi Arabia. He invited the committee to write to him about those issues.

The committee has received a lot of submissions, but I was particularly taken by the one from the Royal Society of Edinburgh. It covers many of the points that have been mentioned about the lessons learned by Australia, which led to it reversing its immigration policy. It particularly talks about the inconsistency of the diplomatic and trade efforts that the UK is making. I think that the term that has been used is "open for business", yet the UK immigration policy is seriously impacting on the number of students applying to study here. The society also—this has been mentioned this morning—said:

> "The reduction in the number of international students also has a knock-on effect on the reputation of Scottish universities as internationally leading research institutions with partners across the world partners across the world."

What does that reputational damage mean in real terms for the universities?

Professor Downes: One has to address the other side of that question, which is what the value is of our international students to Scotland, which I think I have done. We have established what that is and the range of areas where it is important. The reduced flow of students is damaging all

those critical values that our international students bring. Given that the numbers have stayed steady, that shows that the spectrum of countries from which our students come has narrowed somewhat.

That is having a particular impact on the cultural diversity element of the value that international students bring to universities and ultimately our influence as a nation through alumni who have become strongly associated with the universities, citizens and nation in which they studied. All those things are crucially influenced.

Finally, our ability to grow and invest more in the educational opportunities for all our students is influenced by our ability to recruit students from unregulated markets. The fees associated with that allow us to build and develop the infrastructure that benefits all our students.

All those issues are affected.

Gordon Maloney: Everything that Professor Downes said is true. There is the economic impact, but there is also the question of social justice. The drop in numbers does not simply reflect the fact that it is harder to get in; reputation goes beyond that, to how students are treated when they are here in respect of the cost burden that they are expected to bear and how they are treated by everyone, from employers to landlords, the Government and the Home Office. That is worth probing. It is easy to quantify the economic impact, but it is not so easy to quantify the detrimental social impact, which is just as damaging.

Clare Adamson: I suppose that we are facing a choice of two futures in the referendum. The Prime Minister has stated that, if re-elected, his intention is to renegotiate the European Union treaties. Do you have any inclination as to what impact a major treaty renegotiation or, indeed, the rest of the UK—or the UK, as it might be, if we are still part of it—leaving the UK would have on Scottish universities?

The Convener: I am sorry, but just to clarify, you mean leaving the EU.

Clare Adamson: Yes—leaving the EU. I am sorry.

The Convener: You said “leaving the UK”. They are two different things.

Mary Senior: That is a huge question, and we would need to think through all the implications. An initial reaction is that the EU has been very positive for Scottish students through the various exchanges, programmes and funding opportunities that it has provided to universities and communities in the UK. It is clear that there would need to be a lot of consideration and probing of what is meant by a renegotiation or an exit from the EU.

Professor Downes: Our relationship with the EU is vital to UK and Scottish universities on several fronts. First, a significant number of our overseas students come from the EU on a different funding basis as part of the Scottish-funded component of the main teaching grant. They have exactly the same influence with their cultural and social issues that we have already talked about. Any change in that situation would therefore have a negative impact.

Equally if not more importantly, our research interactions and collaborations across Europe, the funding opportunities from the various framework programmes and the upcoming horizon 2020 programme are probably the only parts of the externally funded research opportunities for UK universities that are increasing in scale during the recession. They are vital, including to the innovation culture of Scottish universities, because European funding particularly encourages interactions between universities and small companies.

The Convener: Two members want to come in on this issue. They will be the final two before we move on.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I think that Professor Downes touched on the inclusion of students in the UK net migration figures. I find it very odd that students should be included in them. Given the UK Government’s commitment to reduce immigration, surely that will continue a downward spiral in the numbers of overseas students coming to Scottish universities? It must be quite a serious issue.

Gordon Maloney: I agree.

10:15

Colin Beattie: In your experience, have other countries followed the same path? I know that Universities Scotland has done quite a bit of research on this sort of thing.

Professor Downes: As I said earlier, many of our key competitors with well-established and internationally renowned higher education systems have gone in the opposite direction: they have provided encouragement for students to immigrate to their countries; they have provided robust post-study work schemes; and they have developed a national immigration culture that is encouraging and supportive. All those things are problematic for Scottish universities seeking to emulate our competitors. We would prefer to do that in a more supportive environment.

Colin Beattie: In another part of the Universities Scotland submission, you talk about

"The UK's very limited ... post-study work opportunities for international students"

compared with

"the USA, Australia and Canada".

Those three countries have very varied approaches. Do you have a view as to what the appropriate approach would be with regard to post-study work opportunities for international students in an ideal world?

Professor Downes: We had a very good system that was withdrawn—I think that everybody on the panel has spoken in favour of it. A great place to start would be to get back to what we had, to see that as a starting point for continuous improvement and to see student immigration as a positive stimulus—economically and, as we have said so many times, socially and culturally—into the future. Let us get back to where we were and build from that—that is what I would argue.

Colin Beattie: If we did go back to where we were, would that make Scottish universities fully competitive with their peers elsewhere?

Professor Downes: It would go a long way towards helping to do that but, as other members of the panel have said, we would still have to repair the damage that has been done by the development of policies that give the impression of a country that is not welcoming to students, however much people have attempted to reverse that recently. We would still have to overcome the legacy of that policy.

Colin Beattie: You are talking about reputational risk—or about the reputational damage that has already happened.

Professor Downes: As I have said, the reputational risk has already come home to roost and we are rebuilding our reputation as much as we can. That will then be further supported by an appropriate approach to post-study work.

The Convener: If Liam McArthur is exceptionally quick, he can ask a small supplementary.

Liam McArthur: Just on the point of reputational risk, we had this exchange earlier on, Professor Downes, but two colleagues have now referred to the reduction in international student numbers—Colin Beattie referred to the downward spiral of overseas student numbers.

Although I accept the need for a change in the policy and I accept that there has been an impact on reputation, that reputation is not enhanced if we misrepresent the figures. The first year enrolment figures at Scottish HEIs show that 27,880 international students enrolled in 2010-11 and 28,305 international students enrolled in 2012-13. We need to put a proper context around this. We have seen a slowing of the growth in numbers and a failure to expand as much as we would like, but to talk about a downward spiral does not help in terms of managing that reputational risk.

Professor Downes: I acknowledge that and I have not talked about a downward spiral, but remember that one needs to look at the individual countries to see some of the trends that are not helpful.

Mary Scanlon: Increases in other—

The Convener: Sorry, Mary—if you do not mind, please do not interrupt when other members have the floor.

I think that it is fair to say that the overall numbers have increased very slightly, but I think that Professor Downes said that that is due entirely to the rise in Chinese students.

Professor Downes: Not entirely but substantially.

The Convener: Not entirely but substantially—okay. However, there has been a drop in the number of students who are coming from some other countries, so it is a mixed picture.

Jayne Baxter (Mid Scotland and Fife) (Lab): We have heard about the risks to the university and college sector should a future UK Government take us out of the EU. Would there not be similar risks if a future independent Scotland had to renegotiate its entry into the EU, given the terms and conditions that that might entail? Would the risk not be similar?

Professor Downes: As far as I am concerned, and as far as Universities Scotland is concerned, anything that risks our membership of the EU and the benefits that Scottish universities derive from that membership would be a risk that we would prefer not to take.

Jayne Baxter: Would anyone else like to respond?

Mary Senior: I agree with what Pete Downes has just said.

Jayne Baxter: Do Scottish universities benefit from the UK foreign and commonwealth service, which has 270 embassies and consulates around the world?

Professor Downes: Having been on two missions to overseas countries over the past six months, and having benefited from the work of the British Council, events on embassy premises and other things of that kind, I would say that they absolutely do. That is the existing structure, which provides us with networks into many of the overseas territories with which we want to interact. That is the current situation.

Jayne Baxter: So, access to that structure would be problematic and there might be risks.

Professor Downes: You are getting into the political dimension, which is your sphere, not my sphere. How one ensures that Scotland retains the ability to interact with overseas nations efficiently and effectively on behalf of its higher education sector will need to be resolved, whatever the constitutional outcome.

The Convener: We will move on to the subject of tuition fees, because we want to cover both areas with this panel.

I will again start the questioning with a quote. This time, it is a quote not from Professor Downes—you will be pleased to hear that—but from Alastair Sim. He said:

"The legal advice we have received would appear to identify new ground upon which it would be possible for the Scottish Government to build a policy solution to the issue of rest-of-UK students coming to study in Scotland if Scotland were to become independent."

That is clearly based on the information that you received when you asked the question about the possibility of using objective justification to maintain, or roughly maintain, the current set-up. Could you expand on that position and the quote from Alastair Sim that I have just read out?

Professor Downes: From a Universities Scotland perspective, there is no basis for expanding on it. That was preliminary advice, which we put into the public domain. It was picked up by many people, including the Scottish Government. We made it clear then—and we have made it very clear since—that, as the advice that we received depends on there being an objective basis for the potential charging of fees to students from, in our case, throughout the EU other than Scotland, it is for the Scottish Government to develop that objective justification. We have lobbied strongly for that to be the case. We believe that a robust and legally defensible objective justification needs to be in place, in the event of a vote for independence, before the act that would create an independent Scotland is in force.

Mary Senior: From the UCU perspective, it is extremely important from the point of view of diversity that students from England, Wales and Northern Ireland are able to come and study in Scotland in the same way that international students can. Clearly, there is value in having English, Welsh and Northern Irish students studying here.

UCU opposed the introduction of the fee for students from the rest of the UK when it was announced in 2011. We regret that there was not a robust analysis of, and probing and argument around, the introduction of an RUK fee at that time and that we did not consider all the other options. What the RUK fee has done is introduce a market for RUK students in Scotland, which we think is extremely unhelpful. There was no robust analysis of other options. Some might not have been possible and some might have been unpalatable, but we did not have a debate on them back in 2011, and that is regrettable.

Moving forward, we want to ensure that we can maintain cross-border flows in the event of an independent Scotland and that English, Welsh and Northern Irish students can come and study here.

Gordon Maloney: We would be interested in seeing legal advice. Clarity is always a good thing, but I would be very upset if it became a case of doing what we were able to get away with. If it transpired that charging RUK students tuition fees in the event of Scottish independence was legal, we would still think that it was morally wrong and unjustifiable to do so. We can see the impact that tuition fees have had down south. In the past week, we have seen the economic case for them crumbling, and the social case for them is sketchy at best. We have seen double-figure drops in the numbers of the most vulnerable students—mature and part-time students—going to institutions down south.

As Mary Senior suggested, we would be very keen to explore other options that preserved the right to access education based on the ability to learn rather than on the ability to pay. When RUK fees were increased to their current level, we were particularly disappointed in relation to protections on access. Even the Tories down south put in protections around widening access as a condition for institutions charging fees. We do not have that now in Scotland for RUK students. As Mary Senior suggested, there is an important point about regulation. There is a real risk that institutions being able to charge variable fees will create a market for those places, which will not benefit anyone.

Professor Downes: I have a follow-up point. I answered previously on the specifics of the question, but it is important to state why we felt that it was necessary to seek a solution to the problems that arose. It boils down to two main issues, the first of which is maintaining manageable numbers in the cross-border flow of students within the UK; the second is that Scottish universities need to be funded for the students whom they teach. To me, the combination of those two issues is central to Universities Scotland's thinking on how to manage the cross-border issues now and in the future.

Joan McAlpine (South Scotland) (SNP): Where does the decision by Westminster to charge fees of up to £9,000 sit in the European context? Is it normal?

Mary Senior: No. I would say that Westminster is out of kilter with the rest of the UK in terms of the fee level. Clearly, it is incredibly expensive. Gordon Maloney alluded to the point that it is debatable whether that system is sustainable. The reports that came out last week suggested that it will cost the UK taxpayer more than the old system, in which there were much lower fees for studying in England and Wales.

Joan McAlpine: My understanding is that it is the English higher education minister Mr Willetts's former political adviser, Nick Hillman, who has called for a rethink of their student loan system because the maths just does not add up.

Mary Senior: The report that came out last week pointed out that the resource accounting and budgeting charge, which is the charge that looks at the repayment of student loans, was getting to about 48 per cent. The high level of default on student loans is making the system potentially unstable.

Joan McAlpine: In the European context, that is highly unusual. It is RUK, or rather—because I know that there are different systems in Wales and Northern Ireland—England that is completely out of step with Europe in terms of the fee level. Is that correct?

Mary Senior: Yes, I would agree.

10:30

Joan McAlpine: Gordon?

Gordon Maloney: Absolutely. Although the report that came out last week was shocking and sad in many ways, it was not surprising. We said at the time that that model would not work and would end up costing more. The reality is that the UK Government knew that. When it talks about a review of student loans and the way in which that system works, I worry that it is looking at introducing something much more punitive rather than something more progressive.

We have seen the sell-off of the student loan book. What has been happening with education funding, student loans and the immigration issue that we talked about earlier is being driven by an ideology that is very detached from any kind of economic or social need. It is incredibly worrying. Some of my colleagues were relieved to hear the UK Government talk about a rethink of student loans. That makes me worry more—I am worried about the solutions that it will come up with, which I do not think will be the ones that we want to see.

Joan McAlpine: Yes, because it has been suggested that they might go even higher.

Gordon Maloney: Yes.

Joan McAlpine: You have talked about the unique situation in England because of the level of fees there. That means that Scotland faces the unique situation of sharing a border and a language with a country that has 10 times the number of eligible students, who face the highest fees in Europe. Would you agree that that is a unique situation against which Scotland has to protect itself, because it was not of Scotland's making?

Gordon Maloney: It is a unique situation. To a greater or lesser extent, all situations are unique. We have not seen legal guidance and it is not for me to say anything about the strength of the case for objective justification.

What is important is that there has not been a debate about the issue. The immediate response after the tripling of tuition fees down south was to move towards the current model. We and the UCU would have liked a much greater and more in-depth discussion to have taken place about what alternatives there were that would have done everything that needed to be done, which was to protect places for Scottish students, to control demand—because, even if Scottish places are protected, there are physical caps, such as the number of seats in rooms—and to protect the funding for institutions. I am not convinced that the current model is the appropriate way to do that. In fact, what we have seen in terms of numbers will bear that out. We are only a year in, so it is difficult to take too much from the figures, but if we take a small number of elite institutions out of RUK figures, we have seen a worrying drop. Over the next couple of years, there is a risk that all the questions that RUK fees at their current level were meant to answer will not be answered. We need to explore other options.

Professor Downes: Joan McAlpine's question conflates three issues, which we need to think about in different ways. The first issue is the actual cost of tuition—in other words, the cost to a university of teaching each and every one of its students. The second is how we pay for that and the extent to which students themselves should contribute, from zero to 100 per cent and all points in between. The third is the issue of how one might support students who are asked to pay for their tuition costs. In England, a loan system is used that has certain parameters associated with it that some evidence suggests will make it difficult to be viable. Those are three completely different issues.

I suspect that the cost of teaching students is no greater in England or Scotland than it is elsewhere in Europe. There has been a substantial divergence in how we choose to pay for it between Scotland and England, and even between England and many parts of Europe. How one resolves that

is a political question. The loan system, and how one supports students who are asked to make a significant contribution towards their tuition, is another issue. We have to think about those issues entirely differently—

Joan McAlpine: Fundamentally, you agree with me that the English system of charging is unique in Europe.

Professor Downes: You are asking me to agree with you, but I am simply stating my position.

Liam McArthur: The convener referred earlier to the legal advice that you took, which suggested that the idea of objective justification might be pursuable. Since then, we have heard the legal opinion from Paul Beaumont that led the Royal Society of Edinburgh to conclude:

"We are, on balance, more persuaded by the opinion that suggests that it would be very difficult for Scottish universities to justify charging RUK students in the event of independence."

We have also received a paper from the chair of European Union law at the University of Edinburgh, which states, among other things, that

"the Scottish Government would face an extremely steep uphill battle to convince the EU institutions that it should be entitled to retain a practice involving systemic direct discrimination against one particular cohort of EU citizens."

Have those submissions heightened the concerns within Universities Scotland about the deliverability of a solution through objective justification?

Professor Downes: Our concerns have been heightened right from the start. That is why we feel that we need to participate in proposing potential solutions to those problems.

The advice of Anderson Strathern to Universities Scotland differs from the solution in the Scottish Government's white paper in the sense that the advice concerns the potential charging of a fee, which would be justified through objective justification, to all students from EU member states other than Scotland, whereas the proposal in the white paper is to maintain the status quo, more or less, and to charge students from the rest of the UK but not students from elsewhere in Europe. That is an important difference, and it is important that the committee be aware of that.

Direct discrimination is not allowed within the rules and regulations around student funding in the EU, but there are indirect forms of discrimination. I am not a legal expert on this, but my understanding, from the advice that we have taken, is that a distinction that was based on residency would be considered to be indirect discrimination rather than direct discrimination. That ground would allow the exploration of an objective justification.

Liam McArthur: Does Gordon Maloney want to comment on that?

Gordon Maloney: I am reluctant to get dragged into an argument about that specific point because I am not a legal expert. The overriding factor that we are concerned with is the political point about the charging of tuition fees. We think that charging tuition fees is wrong, wherever it happens, and we have been vocal about that. Scotland is not immune to such political decisions and used to have tuition fees. Whatever the legal advice says—even if it transpires that charging tuition fees is legal—we still believe that it is wrong and we will argue against it. It should not be a case of what the Scottish Government is able to get away with.

Liam McArthur: I do not want to paraphrase a fairly complex document on EU law, but the chair of EU law at the University of Edinburgh has indicated that something more targeted—whether under public health, public safety or public policy—may be sustainable and justifiable, but that it appears that something that goes right across a cohort would contravene the fundamental tenets of EU law.

Professor Downes: The various comments that have been made, the various views that have been expressed and previous case law have tended to concern issues in which the objective justification was based primarily, if not exclusively, on the cost to the member state if such an approach was taken. The suggestion is that, as it applies in Scotland, objective justification would be based not purely on cost but would relate to a combination of the cost plus the potential for significant numbers of Scotland-domiciled students to be denied places to study in their own country.

The rationale for suggesting that there might be an objective justification on that basis would be the steep fee differential between bordering states, particularly England and Scotland—£0 to £9,000—together with the larger issue of the size of those nations, with England being substantially larger than Scotland, as well as the shared language, a shared application system through the Universities and Colleges Admissions Service and similar secondary school and university structures. From my understanding of what has been discussed, it seems that any basis for objective justification could be developed only if it included the issues that go beyond cost. However, to reiterate my first point, it is not for Universities Scotland to develop such an objective justification; it is for the Scottish Government to do so.

Liam McArthur: You talked about the different component parts of the debate, one of which is grants and loans—the support for students to sustain them through their studies. I do not know whether you have had an opportunity to read Lucy Hunter's submission to the committee on the portability of that support. I understand that, for students in England, portability does not relate to study in the Republic of Ireland, for example: that student support cannot be taken outside the UK. Do you have views on how that may operate in the event of independence?

Professor Downes: The only answer that I can give you is that Universities Scotland would support the idea of portability of student support regardless of the constitutional outcome. It would be extremely important for Scottish universities for a number of reasons, including the social justice issues about which Gordon Maloney talked.

Liam McArthur: If you put yourself in the shoes of your counterparts south of the border, can you envisage their making an argument that whatever funding pot is available should be retained within universities south of the border?

Professor Downes: Over the past year or so, I have made two keynote speeches in Universities UK, both of which developed the argument that Scottish and rest of UK universities and university leaders should be vociferous in supporting the UK-wide system of higher education—both the infrastructure for research, much of which is shared, and the reputational value of UK universities. I am nailing to the mast both my colours and those of Universities Scotland, in terms of what I have led it to propose. I hope that that helps.

Neil Bibby: Has Universities Scotland done any work on how much it would cost Scottish universities and the Scottish Government, and how many places it would take up, if RUK students were to be given free tuition in an independent Scotland?

Professor Downes: Obviously, we can come to almost any figure that we like depending on how many students we think will cross the border. Universities Scotland certainly believes that many students would make the economically rational decision if faced with a choice of high-quality universities in Scotland where no fees would be payable versus paying £27,000 for a three-year programme in England.

10:45

We think that cross-border flow would be significant, although it would be somewhat offset by geographic issues: reluctance to travel, the fact that Scotland has a different culture from the rest of the UK—some may think that it is better and some may not—and so on. Figures have been generated around the notion that something of the order of 20,000 students might make that rational decision to study in Scotland: a figure of £7,500 per student produces a cost of about £150 million.

As a result of a freedom of information request, numbers have come out in the press recently around what I regard as appropriate scenario planning, in which the impacts of various scenarios and outcomes have been analysed. It is entirely reasonable that such planning should happen. The numbers can be multiplied: 50,000 students will produce a bigger number.

My take on that is that it tells us the scale of the problem. We should not have our heads in the sand; we should seek solutions.

Neil Bibby: If the number of RUK students remains the same and those students do not pay tuition fees, as they do at the moment, how much of a shortfall in funding would that leave for universities in Scotland?

Professor Downes: I do not have that figure in front of me, although I could easily find it out. I will try to figure it out. It would be several tens of millions, but I would need to check the figure, rather than be quoted on that.

Neil Bibby: That would be helpful.

Professor Downes: The more important question is this: if circumstances change, will the numbers change? Most people would bet that they would.

Neil Bibby: We heard the argument about Scotland's unique position; some people may argue that if Scotland were to get an opt-out in this area, opt-outs might happen all over Europe, as other countries have argued for derogation from EU duties in this area. Belgium and Austria have made similar arguments—I think that that was in the Anderson Strathern legal advice. Is the issue on-going or has it been dealt with?

Professor Downes: I do not know whether it is on-going. My understanding is that none of those arguments for derogation have been successful. However, the answer will depend on the development of objective justification, as I have said. It is not for Universities Scotland but for the Scottish Government to produce robust and defensible arguments around objective justification. As far as I am aware, the other similar applications have been based primarily on cost and not on wider issues that would be more likely to be considered as objective justification.

Neil Bibby: You have all alluded to the need for more detail on the legal position and for legal certainty. Would you like to see legal advice to the Scottish Government?

Professor Downes: We are aware of the convention that Governments are not required to release their legal advice, so we have not asked the Scottish Government to do that. I am not obsessed by that. I am concerned that the Scottish Government will take the issue of objective justification and produce the legally defensible justification that we have asked for.

Neil Bibby: As you said earlier, the advice that you took before the white paper was that you would not be able to discriminate between students from the rest of the UK and other EU students.

Professor Downes: What I said was that the advice that we received from Anderson Strathern differs from the solution that appears in the white paper. For the reasons that I have given, I cannot tell you how that solution relates to the legal advice that the Scottish Government has been given.

Neil Bibby: Of course.

Mary Scanlon: The white paper states that retention of student tuition fees in Scotland is

"an appropriate and necessary measure to ensure Scottish domiciled students continue to have access to higher education opportunities."

I take Gordon Maloney's point about tuition fees. Would it be fair and reasonable to expect another country to pay tuition fees in order to give students who were domiciled in Scotland, were it to be an independent country, access to further and higher education?

Gordon Maloney: We should never lose sight of the principle of preserving access based on the ability to learn. As far as I am concerned, there are no borders on that.

My concern is that, if there is a situation in which RUK students can sweep up places, and that access is based on ability to pay, it will impact on the social mobility of students in Scotland, and that is important. As I said at the start, there were things that the Scottish Government could have done when fees were increased to the level that they are at, and there are things that it could do right now to improve access for students from the rest of the UK. We would warmly welcome those things and would be very happy to engage in them.

There are also things that need to be done to ensure that the increase in fees does not have a detrimental impact on access for students who are domiciled in Scotland. However, I do not think that the concerns are irreconcilable.

Mary Scanlon: My question was this: is it a fair and reasonable policy that Scottish students' continued access to further and higher education be based on English students' ability to pay?

Gordon Maloney: Both RUK students and international students—

Mary Scanlon: I am asking particularly about England.

Gordon Maloney: Sure. We are uncomfortable with the idea of institutions being forced to plug funding gaps through students. Institutions have public value and should use public money. We do not want to see students from anywhere—whether they be mature students who are coming back for a second degree, students from London, or students from Bangladesh—coming to Scotland to be treated as a funding mechanism. There is an innate value to their being here.

Mary Scanlon: I have one more question for Professor Downes. I would have preferred it if he could have answered that last one, but I see we are in a bit of a rush.

I want to follow on from Neil Bibby's point. I think that it was said that Scottish universities would be "swamped" by English students. Universities Scotland's briefing to the committee says:

"The places available for 'Scottish/EU' students are ring-fenced and cannot be filled by non-EU international or Rest-of-UK (RUK) students. Universities have to meet target numbers for 'Scottish/ EU' students and are fined by the Scottish Funding Council (SFC) if these numbers are significantly under-achieved."

Are we going to be swamped with English students or will those measures remain in place? Do universities in Scotland not decide, along with the Government and the Scottish Further and Higher Education Funding Council, how many places will be ring-fenced? Is not it within your power to decide whether we will be swamped by fee-paying English students or not? The measures are in place now.

Professor Downes: That is true, but all this relates to speculation about what would happen if Scotland votes yes and becomes an independent member state of the European Union. Again, it is not for me to speculate on the pluses and minuses—

Mary Scanlon: Would you expect the current measures to continue?

Professor Downes: Under those circumstances the current measures could not continue, because the remnant UK would still be a member state of the EU and Scotland would be an independent member state of the EU, so without any change or objective justification of another approach, students from the remnant UK would have to be treated as EU students are treated now. They would be in the pool of students who are ring-fenced and paid for by the Scottish

Government. We as institutions could do nothing about that unless another change was made.

Mary Scanlon: I am just asking whether the existing arrangements, which ensure that students are ring-fenced, and so on—

Professor Downes: I know what you are asking.

Mary Scanlon: I know—you wrote it.

Professor Downes: And the answer is no.

Mary Scanlon: The current measures would not continue.

Professor Downes: No—they would not continue with respect to remnant UK students. They could not continue, because those students would be part of an independent European state.

Mary Scanlon: We have already waited more than two years for minimum pricing for alcohol to go through Europe, so how long do you expect that it would take to seek a derogation to force English students to pay for attending universities in Scotland?

Professor Downes: Again, that question is not for Universities Scotland but for an independent Scottish Government in negotiation with the European Union. What we have asked is that, if such circumstances prevail, the objective justification route be developed to produce a legally defensible outcome before an act of independence is passed. That is our position on that particular point.

The Convener: It got a bit confusing there. I think that I understand the point, but I want clarity. The current situation is that reserved or capped places could not continue in an independent Scotland because students from Scotland and the EU are part of the reserved places provision and students from the rest of the UK are not, so Scotland's being independent would mean that students from the rest of the UK would be from a separate member state and would therefore be included in the overall cap for students in Scotland from the rest of the EU. Is that correct?

Professor Downes: That is correct.

The Convener: So, the point is that objective justification is the Scottish Government's answer to the question of avoiding a surge or increase in the number of students coming to Scotland from, for example, Newcastle or Manchester—it is easy to get to Scotland from there—and taking up places in Scottish universities.

Professor Downes: Yes—with the proviso that objective justification has not yet been developed.

The Convener: I agree, but I said that that would be the Scottish Government's answer to that particular question.

A number of members want to come in, but we have very little time, so they will have to be quick.

George Adam (Paisley) (SNP): Good morning. I want to continue on objective justification. Professor Downes is quite right to say that we have much cultural commonality across the two countries. We have the same language and there is movement backwards and forwards between the two countries. We can understand why that will be the basis for the objective justification.

With regard to legal certainties, none of us here is a legal expert. Even if we had legal experts in the room, we would probably be here for another six months arguing about who is correct. I was on a licensing board in a previous life; I understand how the legal system can make even that work quite difficult. However, legal experts have to do their job.

On building the case for objective justification, is not the important point, which seems to be getting lost, that we are in a unique position because the country next door is, unlike a lot of other European countries, charging tuition fees for students, and we have so much in common with that country?

Professor Downes: We would not be unique in being a European nation that borders another European nation that has a different approach to higher education. However, objective justification represents a rather extreme gradient in terms of the difference in fees that would be applied to students. As I have said, the objective justification would have to develop that understanding. Alongside that, the relative size of the remnant UK compared with the size of Scotland would have to be considered, among other things.

11:00

Jayne Baxter: Do the witnesses have any concerns about the impact on the availability or cost of student loans either under continuing devolution or in an independent Scotland?

Gordon Maloney: Do you mean in terms of the report that came out last week?

Jayne Baxter: Yes.

Gordon Maloney: We are strongly of the opinion that we should be working on a long-term ambition to replace loans with grants. That answers that question.

What we are seeing down south is one of the reckless impacts of economic decisions that are based on an ideology of privatisation, which is not working. We are seeing the impact in relation to

student loans down south, with a model that is proving to be unsustainable.

In Scotland the cost of repaying loans is, for a number of reasons, substantially lower. Loans here do not include tuition fees, so they are about half what they are down south. The repayment threshold is substantially less progressive. The cost down south looks to be between 40p and 45p in the pound; in Scotland, it is much lower than that, at less than 30p.

Jayne Baxter: Do you think that UK and EU students should be able to access those loans in an independent Scotland?

Gordon Maloney: The Scottish Government is working on a project through which Scottish students will be able to access student support in other countries. My understanding is that, according to the EU legislation as it stands, it is not possible to discriminate based on tuition fees and so on—although that does not extend to student support. For example, EU students coming to Scotland are not entitled to student loans in Scotland. Very often, they will get student support from the country that they come from. That model is not necessarily ideal, but it seems to be working.

Clare Adamson: I know that this is a difficult evidence session, with the witnesses being asked to consider all sorts of options, including Scotland being outwith the EU on the one hand, and in the EU and in breach of EU rules on the other. I will run a scenario by you. Scotland is an independent country in Europe—we can take it from the advice of Graham Avery that it is inconceivable that we would find ourselves outside Europe—and the rest of the UK votes to leave the EU. Where would that leave rest-of-UK students?

Professor Downes: In those circumstances—in no way am I suggesting that I have any political view around that scenario—a quick check would suggest that they would become the equivalent of unregulated overseas students.

The Convener: I presume that you would agree with that, Gordon.

Gordon Maloney: I think that that is what would happen. Going back to the earlier questions about international students, how they are treated and the fees that they are expected to pay, that would certainly sharpen the point on all those issues. The framework is there.

The Convener: I thank the witnesses very much for taking the time to come along and give us your evidence.

11:04

Meeting suspended.

11:08

On resuming—

The Convener: Our second panel of witnesses will discuss the topic of research funding. I welcome Professor Paul Boyle, who is representing Research Councils UK; Professor Petra Wend, from Queen Margaret University; and Professor Ferdinand von Prondzynski, from Robert Gordon University. Thank you all for coming along this morning. Clare Adamson will ask the first question.

Clare Adamson: Good morning. I am also a member of the European and External Relations Committee, so I am interested in the horizon 2020 funding and how increasingly the European focus is on excellence and the merits of the research that is being done. Do you see that as the way forward for research in Europe?

Professor Ferdinand von Prondzynski (Robert Gordon University): One of the key principles of research funding, whatever the source, needs to be that excellent research is funded and that excellence is a key criterion in the judgment about whether to fund research. That is true not just of European funding but of UK research council funding, and it should be true of any type of funding. Excellence would have been a criterion in the recent funding of innovation centres in Scotland, and we need to see it as a criterion that is common to all research funding, whatever the source. In order for the research output of Scotland—indeed, of any country—to have full global credibility, there needs to be reassurance that funding has been offered on the basis of the excellence of the proposal. I think that that would be a common position among most research funding sources.

Professor Petra Wend (Queen Margaret University): European horizon 2020 funding is just one of the ways forward, because academic research is collaborative by nature, whether it is funded or not funded. Research does not stretch only to the rest of the UK or Europe but is truly international, and I am sure that the academic community will continue to engage in that, wherever the source of funding in future.

Professor Paul Boyle (Research Councils UK): My answer to the question is yes. Excellence has to drive all research funding mechanisms.

Clare Adamson: We are seeing examples of much more collaboration and joint research across institutions throughout the globe. How important is that development in maintaining centres of excellence in Scotland?

Professor von Prondzynski: Research participation, research groupings and collaborative research across any boundaries, wherever they

might be, are increasingly features of the really good research that is done. Very few high-value researchers now work on their own. Even in the humanities and social sciences, there is an increasing trend towards collaborative research.

It is important to see the significance of that globally. Whatever system of research we are in, we should aim to create partnerships both within and outside our own system, and that should be clearly understood in all systems of research funding.

Professor Wend: I completely agree with that. At Queen Margaret University, for example, our research is increasingly collaborative—85 per cent of it is now collaborative.

Professor Boyle: I think that, on average in the UK, around 50 per cent of the papers that are produced involve international collaborators. Projects that involve collaboration across institutions tend to do better in citation analysis than projects that are based in a single institution. Therefore, on a number of measures, collaboration seems to be a better approach.

Neil Bibby: On UK research funding and the proposals in the white paper, is the Scottish Government proposing to set up a separate Scottish research fund? What is the position? What is being proposed? What funds would Scottish universities tap into?

Professor Wend: The current proposal from the Scottish Government is to negotiate a continuation of cross-border research funding. If that is not possible, it says that it might be possible to set up a Scottish research council, but it and Universities Scotland are currently working for the continuation of cross-border funding.

Neil Bibby: Okay.

I understand that, in 2012-13, Scottish higher education institutions secured £257 million of grant funding from UK research councils and that that represented 13.1 per cent of the UK total, although we have 8.4 per cent of the UK population. It is clear that we currently access a substantial amount of UK research funding.

Professor Wend: There are two caveats that we must give. First, the figure changes from year to year, so that is obviously not guaranteed income. Secondly, we need to look at other investment that Research Councils UK is committed to—for example, investment in infrastructure. That overall investment is slightly over 10 per cent, which is much closer to the 8 per cent figure for Scotland's population share.

Neil Bibby: What would be the impact on Scottish universities if we were not to receive our current share of UK research funding? What would be the impact if that funding were cut?

Professor Wend: We need to look at a number of things. First, it would obviously not be exactly 13.1 per cent, which is the figure that you quoted, that would be deducted, because Scotland contributes via tax to RCUK, so that money would obviously be available to the Scottish Government to use. We very much hope that part of that money is being used to support research in Scotland.

Neil Bibby: What do the other panel members think?

11:15

Professor Boyle: The figures that you quote are correct. Scotland benefits from being part of RCUK. The view in the rest of the UK is that we both benefit by having a strong UK research system and that we can do much more in combination. There are many examples of that benefit. One is that having large funding organisations allows investment in big science to be made in a way that would be more challenging were there a separate and smaller research funding organisation. Of course, the arrangements would have to be negotiated. As I understand it, the Scottish Government wants to be part of RCUK as we move forward. As far as the UK Government is concerned, it would state that that would be an issue for negotiation after a yes vote.

Professor von Prondzynski: I do not disagree with anything that has been said, but it is important to put the issue into a broader context. There is never just a single source for research funding. For example, funding in Scotland comes from the Scottish funding council's research excellence grant and indigenous research funding that arises through the innovation centres. Grants are also received from UK research councils, and there is European research money, too. There is an overall package, of which income from UK research councils is only one element. It is important to say that, within that context, if you are considering the particular needs of Scottish institutions, it is probably a good overall strategy to have an element of Scottish research funding as part of an overall package. The innovation centres are a good illustration of that, and they should be continued.

Any discussion about the future of UK research councils post any vote in favour of independence would be a significant discussion. Although the Scottish university sector is very clear about its desire to remain part of that pool, that is not the only issue that arises in relation to research funding.

Neil Bibby: You mentioned that UK research councils are not the only funding sources, and that there are also grants from the EU and the Scottish funding council. Scottish universities received

£257 million from UK research councils, which is a lot of money. What proportion is that of overall UK research funding?

Professor von Prondzynski: It is about a third, if I remember correctly.

There are different ways to handle the research agenda. For example, I would not necessarily agree that you can have only big-ticket science research funding through such mechanisms. I came to Scotland from Ireland, where I was a university president for 10 years. The research grants that we received from purely Irish sources would have matched any moneys that come from UK research councils. For example, my university received a single research grant of around £35 million from the Science Foundation Ireland. It is perfectly possible to organise such funding. Clearly, when you are part of a bigger pool, you automatically have a lot of collaborative opportunities that would otherwise be more difficult to access. However, there are different ways of handling that.

Neil Bibby: My final question is on UK research funding and targeting research at excellence. There are excellent universities in Scotland, as there are in the rest of the UK and in other parts of the world. What proportion of UK research councils' funding goes to UK universities?

Professor Boyle: We give all our funding to institutions that have been accredited to receive RCUK funding, which means that they are UK-based institutions. A number of mechanisms allow us to collaborate internationally, but the majority of those would be on the basis of each country paying for its own research in that collaboration. Some funding agencies around the world fund researchers in different countries, but such situations are rare.

Professor von Prondzynski: I was party to one such arrangement. The Irish, US and Northern Irish Governments set up something called the US-Ireland R&D partnership. It is still running and is funded by all three jurisdictions. The scientists or academics who draw research grants from the partnership can do so without there being a calculation as to whether a particular jurisdiction's input has been exhausted. I agree that such arrangements are rare—they do not exist in many contexts—but they are not unknown.

The Convener: On cross-border funding and co-operation, there is an example of a collaboration between the Swiss National Science Foundation and the UK's Arts & Humanities Research Council and Economic and Social Research Council, about which Professor Boyle has said:

"Addressing the major global societal challenges requires collaboration across disciplines and national boundaries ... I hope this will be the first of several with other sister agencies internationally."

Clearly, there is not only co-operation and collaboration but access to funding across boundaries, including through UK research councils. That is correct, is it not?

Professor Boyle: What I stated there is absolutely correct—I strongly support that collaboration. The examples that have been given are of what are called virtual common pots. A virtual common pot is a collaboration in which those involved agree that there will be funding across a number of countries, but each country funds the researchers in their own country. For example, the Economic and Social Research Council runs an arrangement that involves the Dutch, the French, the Germans, the Americans and ourselves. Every time we run a call for funding, we find our own researchers. One of the challenges for that particular scheme arises when we rank the proposals: the Netherlands is the smallest country involved, and if it is involved in any proposal, its funding tends to run out sooner than the other countries' funding.

Colin Beattie: Before I ask my question, I point out, in the light of what has been said, that the UK Government's paper "Scotland analysis: science and research" specifically acknowledges that negotiation of continued arrangements is possible. It does not say that it will happen, but it says that it is possible, which is useful to know.

I have been looking at issues relating to the EU, such as college research income, which is relatively small, and EU research contracts in the university sector, which were worth £62 million in 2011-12. Universities Scotland has emphasised the importance of any constitutional settlement providing for continued EU membership. Is there a concern among the university sector about the possibility that, in 2017, the United Kingdom might pull out of the EU and about the implications of that?

Professor Wend: Yes, there is a concern. There is no doubt that we would very much like to stay within the EU, but we cannot predict the future.

Professor von Prondzynski: I share that view. You have a pretty international panel here, representing three or four countries; in my case, I represent two countries. The international network of academic endeavour—not just research, but generally research—is important and has found a particular context in the European Union. Purely from the universities' point of view, I have to say that I would be pretty alarmed if we were not inside the European Union.

Colin Beattie: That certainly seems to be a well-held view. Assuming that there is a yes vote

in September, what about a scenario in which Scotland remains within the EU and the rest of the United Kingdom withdraws?

Professor von Prondzynski: That is a nightmare scenario. It would be very difficult to address some of the issues that would flow from that. You have already heard from the previous panel about some of the issues that would arise. It would be a very difficult situation to negotiate.

Professor Wend: On concern in the Scottish university sector, there have been anecdotes in the papers that perhaps Scotland no longer attracts talent from other countries because researchers are worried about the future in terms of EU research funding and so on. That does not seem to be the case. I have asked around in my university and in other universities, and we have recently attracted really excellent researchers from Ireland and England who made the positive choice to come to Scotland.

Colin Beattie: So there is no impact at this point—the Scottish referendum is not affecting whether people choose to come to Scotland.

Professor Wend: Not at all. Before the research excellence framework exercise, there were the usual changes, with professors and researchers moving from one university to another. That is normal, and it was not one-sided. Post REF in particular, I have seen an influx of researchers coming to Scotland. Anecdotally, when I go down to the rest of the UK and speak to English researchers, they tell me that they wished they worked in Scotland.

The Convener: Why?

Professor Wend: They feel that the Scottish higher education landscape is more sympathetic to the concept of the value of education to a country.

Professor von Prondzynski: Scotland is seen as a fairly stable setting, notwithstanding the referendum. I agree with Petra Wend that there is no evidence that the referendum—whatever one's views on it might be—is having a negative impact on our capacity to employ people from not just the rest of the UK but globally. I have certainly not noticed any change in recent job application patterns from the rest of the UK or from outside the UK, including from outside Europe. One possible analysis is that the increasingly global discussions about Scotland's future have created a profile for Scotland and made people aware of it, which might actually help in some respects.

Liam McArthur: This question is probably more for Professor Boyle. Just to be clear, is it accurate to say that there are limited precedents for countries funding research outwith their borders on a large scale?

Professor Boyle: Yes. There are examples. The Wellcome Trust, which is a very large funding charity, allows Ireland to compete for its resources. However, it has a different arrangement with Ireland, in that it has to match the funding that the Wellcome Trust puts up. Charities, of course, are in a different position from Government-owned funding agencies. It is certainly true that it is extremely rare for national, Government-led funding agencies to fund outside their borders. Such cases do exist—there are some examples—but they are very rare.

Liam McArthur: All three of you—quite rightly, I think—have put heavy emphasis on the importance of collaboration internationally as well as domestically and on the value both to Scottish institutions and to institutions south of the border of the way in which the research ecosystem—as I think Professor Downes referred to it—operates. I can appreciate that there would certainly be a mutual interest in maintaining that collaboration in the short term. The question is whether that would continue in the medium to long term with such an imbalance in relative size. There is an imbalance at the moment, with Scottish institutions punching above their weight in terms of the amount of research funding that they attract from Research Councils UK. However, there might be a gravitational pull either of individuals or of teams of individuals, with pressure increasing to retain more of the funding within a continuing UK rather than disburse it across what would, in effect, at that stage be a border.

Professor von Prondzynski: That might depend a little bit on what the outputs from the research would be. Clearly, collaborative research across boundaries benefits those on either side of those boundaries. If that is seen to be the case in terms of both the profile of the research and the reputation building that goes on at the institutions and the extent to which the research has an impact on things such as economic development and so on—if that is reasonably balanced—then those pressures might not exist, but obviously none of us can tell the future.

Liam McArthur: What I was probably driving at was Professor Boyle's analysis of how that collaboration works at the moment. In effect everybody pitches into the collaborative effort at a level that is pretty much an approximation of their relative size and scale. Therefore, where Scottish institutions—for quite understandable reasons—punch above their weight within a UK context, is there not a precedent for suggesting that even were that ecosystem to remain in place, we would see more of a levelling out? In an independent Scotland, would we not see the Scottish Government and the Scottish research council being expected to shoulder more of an approximation of the cost—perhaps about 8 or 9

per cent of the cost—as opposed to what we are attracting from Research Councils UK at the moment?

11:30

Professor Boyle: Clearly, there would need to be a negotiation. We strongly support Scotland retaining its position in a single research ecosystem, because there is a series of advantages in that. As I said, I believe that there is a scale advantage. Another advantage of a single research system is that there is a single process of peer review. There are all sorts of added efficiencies in a single system. If Scotland voted for independence, how it would stay in the single research system would have to be negotiated. One would presume that the Scottish Government would want to think carefully about its own research priorities and so on within any new system that was established, so there would have to be a lot of negotiation about the role that Scotland would want to play in a single system. Of course, there would also be the option of going for a Scottish form of research council funding.

Liam McArthur: Would you expect there to be an effort by individual institutions or more widely to identify key research individuals or teams in order to poach them in the years after a yes vote in the referendum?

Professor Boyle: Universities are very keen to recruit the best people they can. Personally, I do not think that a vote for independence would change any of that. As you have heard, universities across the UK recruit internationally; they try to recruit the best staff they can from wherever they might be. That would continue.

Professor von Prondzynski: I back that. That is practice now; it would not be an innovation. To an extent, there is a transfer market, which has been influenced by research assessment exercises and so on, which has sometimes distorted activities. I agree with Professor Boyle that current recruitment practice would not change very much.

Professor Wend: I, too, agree with that point. Again, I stress the importance of negotiation. We would need to come up with a structure that made people on both sides of the border happy. To give you an example of how important the common research area is, Wales is happy to contribute according to the size of its population, but it gets out less from the research councils than it pays in in tax. However, it has decided still to go with it simply because it sees the value of the common research area.

The Convener: Thank you.

Joan McAlpine: I think that we all agree that it is great that Scotland punches above its weight in research excellence, but of course Scotland also punches above its weight in the amount of tax that it gives to the UK Treasury, which in turn funds the research councils—I think that it is about 9.6 per cent of the UK tax. What would be the effect on the UK's research councils if the UK Government refused to negotiate with Scotland after independence and the research councils lost that money?

Professor Wend: I will leave it to Paul Boyle to answer that question, but obviously the research councils would need to take into account that that money would be lost and that there would be a smaller pool.

Professor Boyle: As I have stated a number of times, we are very keen that that does not happen. We would like to see a single research system continue whether there is a yes vote for independence or not. If there is a vote for independence, the situation will have to be negotiated. The member is right that if we ended up with separate systems, there would be a slightly smaller system in the rest of the UK. Clearly, though, it would still be a much larger system than would be left in Scotland. Personally, I think that there would be advantages in retaining the size and scale of the single system, because it allows us to support things that would be rather more difficult, but not impossible, to support with a smaller funding pool.

Joan McAlpine: So, from an academic point of view, it is in everyone's interests to negotiate.

Professor Boyle: Yes.

Professor Wend: Yes.

Professor von Prondzynski: I think that that would be a common position. I would like to think that it is a common position across the UK as currently constituted.

The Convener: On that point, is the form of the constitution in any way relevant to how we set up our funding arrangements for higher-order research? The principal of the University of Edinburgh, Tim O'Shea, has said:

"there is no reason why any form of constitutional change should preclude participation in higher order research councils."

Do you agree with Tim O'Shea?

Professor Boyle: It is clear that if there was a new constitution, all elements of society would need some very careful thought. As the committee will know, in research funding in the UK we have something called the Haldane principle, for which the current UK Government verbally expressed continued support only a few months ago.

In a sense, the Haldane principle protects research funding from political interference. Obviously, in any discussion about a constitution, thought would have to be given to the Government's role and how much influence it should have over research funding in the nation.

I think that the situation in the UK is currently much stronger as a result of the Haldane principle and that it is one of the reasons why the UK punches so far above its weight internationally in the research that it undertakes.

The Convener: Yes, but the Scottish Government has said that it supports the current research funding set-up—under which it contributes to funding—and would wish that to continue post independence. That seems to suggest extremely strongly that, without ignoring the fact that negotiation would be necessary, there is effectively a positive will to carry on with exactly the principle that you are talking about.

Professor Boyle: Yes, but, as I stated, if one is devising a constitution, one would need to think about the principles with regard to political oversight of research funding.

The Convener: Of course.

Professor Wend: Universities Scotland would obviously support the continuation of the Haldane principle in Scotland.

The Convener: Yes, of course.

Jayne Baxter: As I understand it, universities currently maintain UK-wide collective pay bargaining arrangements and there is a UK pension scheme in place. If we end up with two separate systems—a small one and a bigger one—what impact will issues such as terms and conditions, the ability to attract and retain staff and pensions have on the sustainability of the sector in Scotland and its capacity to continue to flourish?

Professor Wend: Again, we would probably want to continue with collective bargaining across the UK. If that were not possible, it would have to be done within Scotland, but again we would need to examine, discuss and negotiate that, together with the unions. We cannot just make something up here on the spot.

Professor von Prondzynski: My perspective on UK-wide bargaining is slightly different. That said, academic communities are generally global rather than national. To that extent, people feel a sense of commitment not only to their institution but to their discipline and their colleagues, and to their collaborators, wherever those people might be. That is the case around the world. It involves crossing the current boundaries and borders, so I would not expect the situation to be any different if there were a yes vote in Scotland.

Professor Boyle: There are many mobile international researchers around the world, so clearly the situation already exists. There is some evidence to suggest that although there is a great deal of collaboration on research between European countries, there is not as much mobility across Europe in comparison with mobility in some other areas as we might expect. The rationale is that that reflects exactly the convener's point that things such as different pension systems can be challenging for people who want to move around. A range of issues, not just pensions, can discourage mobility.

Professor von Prondzynski: Pensions are extraordinarily complicated. In some countries, there are different pension schemes in different university institutions within the same country.

Professor Wend: And even within the same institution.

Professor von Prondzynski: Yes, within the same institution.

Jayne Baxter: The question remains whether establishing two separate systems would enhance or detract from it.

The Convener: I am sure that we will find out.

Mary Scanlon: In its submission, Universities Scotland states—as you have all said—that

"successful negotiation"

of such an outcome

"would be the optimum solution".

However, it goes on to say that

"the outcome ... is not predictable."

Do you acknowledge that we do not know—because the position would be based on negotiation—whether Scotland, which currently has 8 per cent of the UK population, would continue to have more than 13 per cent of UK funding if it was separate? Do you agree with Universities Scotland that the outcome of such negotiations, which would be quite considerable, is not predictable?

Professor von Prondzynski: Clearly, the outcome of no negotiation is predictable in advance of its taking place. That is always the caveat that one must add. As Petra Wend said, there is no certainty, even if there were no constitutional change, that Scotland would always draw 12, 13 or 14 per cent of UK research councils' funding. That would depend on the excellence of the proposals that were made at any given time and the evaluation of them.

No future is ever clear. I think that it was Stalin who said to a convention of historians in Moscow in 1948, "The future is clear; it's the past that is

uncertain." I do not hold that view. We always have uncertainties—that is what we are facing in the future.

Leaving aside for a minute what Governments are or are not able to do in any negotiation scenario, I think that it is worth making the point that the key stakeholders, apart from Government, are all pretty well agreed on what the situation should be on both sides of the border. As was suggested a moment ago, there is a fair amount of good will in the system, which I would hope would be reflected in the discussions that would take place after a vote.

Professor Boyle: As I have stated a number of times, the view of the research councils is that the system that we have is the better system. I would caution that there is currently no single example internationally, of which I am aware, of a single research system that spans more than one country. Clearly, it would need negotiation, as the member points out.

Mary Scanlon: That is the subject of my third question.

My second question is on charities and charitable funding. The Wellcome Trust has been mentioned and I am aware that Cancer Research UK puts a considerable amount of funding into Scotland—for example, £34 million into the University of Stirling.

Universities Scotland says:

"Separately, the university sector will seek affirmation that the major UK research charities will continue to invest in excellent research by Scottish universities".

Therefore, Universities Scotland is having to "seek affirmation", and it says that the outcome of negotiations is unpredictable. Of course it is.

Universities Scotland goes on to say:

"the university sector will seek ... assurance from the Scottish Government".

Therefore, it is not just seeking affirmation from major UK charities, which are significant funders in Scotland; it is still seeking

"assurance from the Scottish Government".

To me, that seems particularly uncertain for research funding in Scotland.

Professor Wend: As we said earlier, there is no certainty.

Mary Scanlon: There certainly is not.

Professor Wend: There is no certainty, but we are confident that, whether the research income comes from research councils or from charities, the research outcomes benefit all the countries involved. I can very much see the Wellcome Trust and other organisations wanting to continue to negotiate a common future with us—I am confident about that. As with the previous question, the certainty is not there, but we should use the arguments about the outcomes to negotiate.

Professor von Prondzynski: As Professor Boyle said, there is already a precedent for the Wellcome Trust in that it funds research in the Republic of Ireland, which is obviously not part of the UK—but according to different principles. The situation is therefore not without precedent.

To make an overall point, we would expect—certainly, I would expect—a Scottish Government objective to be to ensure that however everything plays out, a significant research fund is available to Scotland, equal to or better than what is available now. In whatever constitutional configuration it finds itself, one of Scotland's objectives must be to be able to make the same kind of impression globally in research as it is able to make now. That is important for all sorts of reasons, not just for the excellence and recognition of our universities, but for our capacity as a country to attract high-value inward investment.

Having that commitment there is very important, and I believe it to be there. It is not something that we will be shy about calling for in the event of the post-referendum scenario being what we have been discussing.

11:45

Mary Scanlon: I do not think that anyone will disagree with you on that point. However, seeking affirmations and assurances about something that does not have a predictable outcome creates uncertainty.

My third question relates to the pre-existing cross-border research areas that Professor Boyle referred to. My very good researcher scanned Google and found one: the Nordic Research Councils for the Humanities and the Social Sciences, which has a £13 million budget rather than the £3 billion that Research Councils UK receives. You have already sort of answered this question but is there anything else in the EU, apart from the charities, that is similar to this Nordic research council, which, as I have said, gets £13 million?

Professor Boyle: I will need to double-check, but I am fairly certain that the example that you have just given is not an example of a single research area.

Mary Scanlon: Oh, really. In that case, I will have to go back to my excellent researcher.

Professor Boyle: The issue is complicated, but the example is similar to the one that I have

already highlighted in which my organisation collaborates with other countries. As far as I understand it, the Nordic countries have a system for collaborating on research funding proposals, but it is a small part of their overall national funding schemes. It is not a single research area that encompasses all their research.

Mary Scanlon: So there is no—

Professor Boyle: As far as I am aware, there is no international precedent for a system that, as in the current UK system, encompasses all the research that is being carried out.

Mary Scanlon: So there is no system that covers different countries.

Professor von Prondzynski: I am not sure whether this is an example, but I go back to the US-Ireland R&D partnership that I mentioned earlier and which, despite the label, is for academic institutions. I was involved in the partnership's establishment—in fact, I was one of the three Irish Government representatives in those particular negotiations—and one of the big questions that was raised at the time was whether each contributing country would be able to draw out of the partnership as much as it put in. It was decided that that should not happen and that those making grant applications to the partnership would receive awards on the basis of a peer review, regardless of how large the contribution of the contributing jurisdiction was. Indeed, that is how things have worked out.

The establishment of the partnership has not created a single research area, because it is specific to that particular scheme, but it operates on the basis of a shared output and outcome. It has certainly worked well and awards substantial grants.

Mary Scanlon: But it is not a single research area. I got the impression that Professor Boyle disagreed with that.

Professor von Prondzynski: I suppose that it depends on what we mean by "single research area".

Mary Scanlon: Well, like the UK research area.

Professor von Prondzynski: In some respects, the UK does not have a single research area. After all, the Scottish funding council operates research excellence grants separately from the Higher Education Funding Council in England.

Although there is a single research element in the current system—Research Councils UK—there are other separate elements. For example, the innovation centres that are funded by the Scottish Government do not have a counterpart in the rest of the UK. With respect, I think that you ought to be asking whether there is a single research scheme, not necessarily a single research area, and my answer to that question is that there is such an example.

Mary Scanlon: Is the UK research funding council—or whatever its name is—not a single research area involving the countries in the UK?

Professor Boyle: Yes. We have what is described in the terminology as a single research system, which encompasses all the different schemes, infrastructure, capital funding and a variety of other things. There are examples around the world of organisations coming together and using what are called virtual common pots—or, indeed, common pots—on which they agree and which they use to pay for their own researchers. However, as I stated at the beginning, such examples are fairly rare and tend to make up a small proportion of a funding agency's overall portfolio. In fact, I do not think that there is a single example of two nations sharing their entire research council funding.

Professor Wend: I also point out that such funding is part of our funding only because of the dual support system that Professor von Prondzynski referred to.

Professor Boyle: And there is also funding from Government departments, business and various other activities—

Mary Scanlon: I am aware of that.

Professor Boyle: But it is true that 26 per cent of Scottish research funding comes from research councils.

Professor von Prondzynski: That was really my point. That 26 per cent might come from a common research system, but one is still left with a substantial percentage that does not.

Joan McAlpine: On Professor von Prondzynski's comments about the good will in the system and Mrs Scanlon's reference to charities, the work that my excellent researchers have done shows that there is a lot of good will coming from the charities. Simon Gillespie, the chief executive of the British Heart Foundation, has said,

"We are committed to working across the four nations of the UK"

whatever happens in Scotland; Barbara Young, the chief executive of Diabetes UK, has said

"Our response to the outcome of the referendum will be driven by the needs of people with diabetes living in Scotland";

and Cancer Research has said that it

"will continue to work closely with the Scottish government."

You must take a lot of encouragement from those comments.

Professor von Prondzynski: Indeed. Of course, some of the charities that you have mentioned draw some of their income from Scotland, so it would be entirely in their interests to be seen to be continuing to contribute.

Leaving to one side for a minute what I might call—with, I hope, no disrespect to anyone around the table—the political arguments, I should say that within the academic system itself, by which I mean the universities, the research councils and everything else that makes up higher education's operational parts, including the charities, there is a very large amount of good will to seek an outcome that would be beneficial to all sides after any such vote, were it to happen.

Professor Wend: Moreover, not all charities are UK-wide. There are many Scottish charities; indeed, at my university, 71 per cent of the funding from charities comes from Scottish organisations and the rest from UK organisations.

Joan McAlpine: That is interesting.

As for the suggestion that crucial medical research might somehow be damaged as a result of this vote, I have to say that I would find it very strange if a political change caused people to turn away from, say, a professor at Dundee university carrying out groundbreaking research on cancer and all the possibilities that might come from it.

Professor Wend: I agree—I cannot see that happening. However, as I have said, there is no certainty. Moreover, such research would profit the whole of the UK, not just Dundee or Scotland.

Joan McAlpine: Finally, on the issue of predictability, I would have thought that the UK Government's effective withdrawal of all public funding from tuition at UK universities a few years ago would have been a huge shock to the system and probably eliminates anything that we are discussing this morning. Is there not a huge element of unpredictability in the UK system, depending on a Government's ideology?

Professor von Prondzynski: It is fair to say that, even within the current constitutional arrangements, we are less affected by that sort of thing—although, as the previous discussion has illustrated, we are still affected indirectly.

We can never have complete predictability, because we do not know what the economic climate is going to be in five years' time or what other countries will do that will affect us. No matter what constitutional arrangement you might be in or striving towards, nothing is completely predictable. Instead, the planning that is taking place needs to take account of the things that we believe might happen and we must ensure that any impact is as beneficial as possible. That is the approach that Universities Scotland has been taking; it has set out the issues that might, one way or another, become issues in future and has ensured that we are prepared for them to the extent that we can be.

Clare Adamson: On cross-border funding areas, is not horizon 2020 an example of a pan-European funding pot that can be drawn on?

Professor von Prondzynski: It clearly is. Horizon 2020 is the latest iteration of a long-standing development of European research funding—in other words, the so-called framework programmes that have been around for quite a while and which have always required any successful applicant to have partners in other member states. In that respect, a model of cross-border research funding has existed for some time.

The Convener: According to my researchers, Scotland has benefited from those framework programmes by €505 million over the past seven years. Is that not the case? Therefore, the European Union is putting a not insubstantial amount of money into research in Scotland.

Professor von Prondzynski: It is a very substantial sum of money. Globally, the EU's research funding is second only to research funding from the US, which still leads the field, and is a very significant source of funding. When I was in Ireland, we had very little indigenous funding and were motoring almost entirely—and, I should say, very successfully—on European funding. It is certainly a long-standing and very substantial example of cross-border research funding.

The Convener: Is it fair to say that we have a mixed economy with regard to research funding?

Professor von Prondzynski: Yes.

Professor Boyle: That is absolutely true, but I should draw your attention to one or two points. First, European funding is cross-border funding but, because we are talking about a European organisation, it is a little bit different from funding that involves nation states.

I am president of Science Europe, which represents 52 of Europe's funding agencies, and I think that, according to the most recent calculations, something like 92 per cent of funding in Europe comes from the national funding organisations rather than Europe itself. European funding is substantial, but the vast majority of funding still comes from national agencies.

The Convener: Indeed, but if, as you pointed out earlier, 26 per cent of investment in research comes from the research councils, the other 74 per cent must come from a variety of other sources, including EU money, UK and Scottish charities, Scottish Government funding and, I am sure, a raft of sources such as foundations.

Therefore, my point about a mixed economy is fair.

Professor Boyle: I absolutely agree that it is a mixed economy. Scottish and UK universities get their funding from a range of different places, but I note that the European funding that comes into Scottish universities is substantially less than the funding that comes from research councils.

Some funding would still need to be negotiated. Scottish universities do quite well out of UK Government funding, which would require negotiation, and there are, as we have discussed, a number of charities that I presume would continue to want to support funding in Scotland. Some, like the Wellcome Trust, will want to negotiate in the same way as the trust negotiates with Ireland and other countries. However, you are right—it is a mixed situation.

Professor Wend: On your point about the mixed economy, convener, I come back to the dual support system. It is important that the funding that comes from the Scottish funding council is attributed differently from the rest of the funding. As that is part of our devolved system, it will happen whether or not the country is independent and is therefore a stable element.

The Convener: I know that the witnesses are time-limited because of other commitments. I thank you all for coming along this morning. We are most grateful for your time.

As previously agreed, we now move into private for our final agenda item.

11:57

Meeting continued in private until 12:28.

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