

## Scottish Funding Council Review - Response to Call for Evidence

The Scottish Funding Council have issued a Call for Evidence to support their Review of Coherent Provision and Sustainability in Further and Higher Education. Members of the Enterprise and Skills Strategic Board were keen to feedback views and a number of sessions with small groups of Board members were held to facilitate this. The sessions were structured around the six key questions asked by the Call for Evidence and the table below summarises those discussions. More information about the SFC review and the Call for Evidence can be found here: <http://www.sfc.ac.uk/review/review.aspx>.

Please note that we were clear that these sessions should not preclude Board members from also providing feedback directly, either as individuals or as representatives of other bodies or institutions to which they may belong, should they wish to do so.

**1. What do you think works well in the current further and higher education arrangements that we should keep in order to secure Scotland's inclusive social and economic recovery from the current pandemic? How can we best preserve and strengthen those features of education, research and innovation in Scotland that we most prize, in a very challenging funding environment?**

Research and the knowledge exchange interface with industry are areas of strength that are recognised internationally. It will be important to preserve our established strength in research.

The diversity, breadth, depth and quality of the sector is a strength. The contribution of the sector to employability in the current crisis is clearly important as is the enhancement of globally important skillsets such as STEM. But it is important to recognise that the impacts that arise from the crises are social as well as economic. The wider set of skills taught – such as critical thinking – will be crucial to address the full spectrum of social and economic challenges presented by the crisis. The connection that colleges and universities have with local communities and their role in widening access plays an important part in tackling inequalities - we mustn't lose sight of those core aspects what currently works well.

Universities and colleges can act as “anchor institutions” across local communities and economies - bringing the (1) technological innovation, (2) highly skilled workforce and (3) international outlook vital for our economy to thrive. When considering which higher education arrangements we should keep in order to secure Scotland's inclusive social and economic recovery we need to consider the synergies between these activities and the powerful innovation ecosystem created as a result. We have strengths in research, commercialisation and innovation - Scotland's ecosystem punches above its weight.

The Advisory Group on Economic Recovery has recommended “an education lead recovery” and the First Minister has repeatedly stated for Scotland to be, “the inventor and producer of the innovations that shape the future - not just a consumer of them.”

Social inclusivity will be crucial as part of the post COVID-19 recovery - Scotland has great strength in research into inclusivity and we should also continue to offer bursaries for those on lower incomes.

Those in rural areas need to be supported so as not to be disadvantaged. Indeed the range of geographical entry points is also a strength of the system - courses at all levels are available in most parts of Scotland. That remains core to strengthening our rural communities - if people learn locally they are more likely to stay in the local area and contribute to local economies.

**2. What do you think colleges, universities and specialist institutions should stop doing, or do differently, in order to contribute effectively to an inclusive social and economic recovery? (You may wish to comment on teaching and skills development, sectoral and employer needs and employability, research, innovation and knowledge exchange, widening access and equalities issues.**

It's important to recognise the professionalism of staff in colleges and universities and invest in developing them. Consideration should be given to how the ability of staff to adapt rapidly to new demands can be addressed through investment and development in their skills.

Many universities have a business model that focuses on attracting international students and the Cumberford-Little review has suggested that colleges may also move in that direction. It will be important that we consider the evidence of the impact this international focus has had and what the 'new normal' will mean given potential limitations on international travel and the greater focus on domestic resilience. International activity may generate revenue for institutions in the short term but there needs to be greater clarity around wider benefits and longer term economic impacts, particularly in the context that will prevail for the foreseeable future.

There is a wide provision of courses with varying employment prospects and vocational courses particularly will need to closely align with the demand from employers. Alignment of supply and demand has always been the intention and is why colleges and universities have sought extensive engagement with industry. Industry also has to play its part, however, in investing in engagement and ensuing the provision of robust and credible information. Vocational courses can and should develop wider skills - and the current crisis has emphasised that resilience must also be a focus. Hairdressing and Beauty Therapy, for

example, are often made reference to, however, these courses provide student with entrepreneurial skills and skills that can be fallen back on when needed, even if they are not used throughout someone's life as their main profession.

There is also scope for course segments to be provided as certified stand-alone courses. Long courses can act as a barrier, particularly for disadvantaged groups, due to the significant financial commitment they entail. At the same time, other models provide flexible modes of learning for students by offering the opportunity for students to study over a longer period while managing work and domestic responsibilities.

The increasing move to digital will require colleges and universities to be able to provide a level of excellence in order to compete and distinguish themselves from other online options. In some cases the balance may need to shift from localities to specialities in order to reinforce excellence. But the needs of local communities must be taken account of alongside a recognition that, in their role as anchor institutions, colleges and universities can bring more to a place than being a centre of learning. Addressing the needs of local communities will also be part of the inclusiveness agenda of institutions. The move in the direction of online provision presents an opportunity for Scotland to widen access in rural communities.

It should also be remembered that studying and learning are social experiences. There will be much about a campus experience and learning alongside peers that may be difficult to replicate in an online setting.

Institutions need to be supported to improve fundamental efficiency. As it stands, there seem to be considerable layers of external bureaucracy imposed and a great deal of effort seems to be required on the part of institutions in order to get things done.

Efficiencies could be created through greater collaboration across institutions. Centres of excellence could be built across different institutions to create a hub model with greater geographical dispersal of the benefits rather than contained within individual institutions.

There is great potential for Universities to focus and realign resources to support the recovery - the education led recovery called for by the Advisory Group on Economic Recovery. Research should be strategically focussed on areas of importance for the type of recovery we want to see - for example, inclusive growth, medical technology, net zero. The learning ecosystem should focus on skills required for the future and which inspire young people.

There are other routes to commercialisation which could be given greater consideration in Scotland. For example the Innovation-to-Commercialisation of University Research (ICURe) model which provides funding and training to enable academic researchers

to determine whether there is a market for products or services that utilise their research, science or technology and to validate their commercially-promising ideas in the marketplace.

Closer connections are needed between institutions. More awareness is required of available support, for example, at schools. An understanding of business needs is required as well as a connectivity between vocational qualifications available and the demands for skills from businesses.

### **3. How can colleges, universities and specialist institutions best support Scotland's international connectedness and competitiveness in the post-pandemic, post-EU membership environment?**

If tertiary education institutions don't adapt, there will be fewer of them, especially with competition from online learning. Micro-specialisms are needed to compete. This will become an international market, even at the college level. There needs to be a willingness to tell institutions not to pursue certain areas so as to avoid market saturation, which will lead to a failure to develop critical mass in key specialities. But specialisms come from an indigenous context – things are developed locally and then become specialist and internationally competitive. The idea of international focus requires further consideration - it cannot be assumed that this remains desirable in the changed context of COVID 19.

Encouraging greater collaboration can help with this. A cohesive and collegiate approach is needed to sell as brand Scotland. We need to identify our strengths and set up strong, long term partnerships across sectors and technologies.

Excellent education is a key selling point of brand Scotland and is important for export led growth. We could create enterprise and innovation zones within campuses. Many institutions have a global presence and this infrastructure can be leveraged to help Scottish businesses access international markets. Support for international students can also help to catalyse an international outlook. And many institutions are best placed to deal directly with potential investors or partners.

### **4. What opportunities and threats does the post-pandemic environment hold for colleges, universities and specialist institutions? For institutional leaders, how are you planning to address these challenges and opportunities?**

There is a huge short-term threat to income from Covid-19 and the challenge may continue in the medium to long term due to the implications of the virus and the response to it. Universities Scotland, for example predicts a considerable loss of income and finding savings may be difficult when colleges and universities must also be prepared to support the recovery. Diverse sources of revenue are required - aligned with the role the sector will play in the recovery. For example, the importance of focusing on the

employability of young people and supporting employers and employees in upskilling and re-skilling.

There are opportunities in scaling up the provision of digital courses and we are a long way from being able to offer high quality provision to those who need it. The integration of online and in person learning and ensuring a consistent and quality experience across institutions should be coordinated. There are gaps between the workplace, college and university provision of learning and training and, from a learner or employee perspective, there are no need for those gaps to exist - institutions will face greater competition from online providers who may provide greater flexibility. The strength of colleges and universities will be in the quality of their offer and we must be careful that in seeking greater flexibility we don't disadvantage learners by undermining the quality of existing accredited learning.

Additionally on the opportunity side, the crisis has exposed the risks of a funding model where core activities are reliant on cross-subsidy from international fees and there is a need to develop a more sustainable funding model. This will be necessary to ensure that higher education is a core part of the recovery.

#### **5. What forms of collaboration within the tertiary education eco-system would best enable a coherent and effective response to these challenges and opportunities?**

Institutions will need to collaborate or be guided to develop specialisms and collaboration between institutions and industry is currently not as widespread or effective as it could be. We have moved away from a supply driven system to a demand driven one but the demand comes from students as well as employers. More could be done to help students make informed choices and continued development of shared intelligence within the education and training eco system is critically important. If delivery and course content become more flexible collaboration will be essential to maintain standards and coherence.

There is a fundamental question around the role of competition in the way that the college and university sector is funded and the potential for that to impact on necessary collaboration between institutions.

There is a proposition included in the recommendations of the Advisory Group for Economic Recovery for a Centre for Workplace Transformation. The issue of the ways in which workplaces are changing needs to be addressed and this demands collaboration between industry (employers and unions) and tertiary education institutions. This proposition would provide an important opportunity for collaboration across the system. The current crisis requires a more intensified approach or even a step-change on the issues around business models, workplace innovation and Fair Work.

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are not as widespread or as effective as they could be due to systems being demand led, leading to misalignment with actual skills needs.

Institutions need a greater awareness of what each other does within the ecosystem in order to identify opportunities for collaboration. There are examples from other sectors, for example, the NHS and vehicles such as Knowledge Transfer Partnerships and student placements which are empowering for institutions and individuals. There is greater scope to learn from these types of scheme in the college and university sector.

Collaboration must also be purposeful. For example, on mission driven research to address future societal challenges or where institutions with complementary expertise take a more strategic approach to international or other commercial activity. There could be greater collaboration across Scotland to ensure that different course options are available in all parts of the country.

#### **6. How can SFC, alongside government and other enterprise, skills and education-focused agencies, best support colleges, universities and specialist institutions to make their full contribution to Scotland's inclusive, green and education-led recovery?**

Investment is required to maintain the viability and sustainability of the sector. But importantly, it will be necessary to ensure that the mechanisms used to allocate funding are not in conflict with the types of changes that we want to see. For example, increased competition for resources in the sector may not build resilience and a more strategic approach is required if we wish to see the sector collaborate and coordinate to make its full contribution to Scotland's inclusive, green and education-led recovery.

When asking universities and colleges to make the transformation to digital and other changes that may need to take place over a number of years we need to keep in mind that these medium term challenges will now be competing with the demands of short term issues. There may be a case for dedicated funding reserved for the challenges that have to be faced in the medium and long term.

Greater granularity is required in terms of focusing on individual courses, for example, accrediting micro-segments and certifying them. There is also a need to consider how each course services the needs of Scotland, in terms both of employment and the wider needs of the economy. SFC has the ability to limit the involvement of institutions in certain fields and thus enable specialisation.

A cross agency approach is required to mix talent, innovation, commercialisation and research. There needs to be greater collaboration between SFC and SDS, not just with regard to specific products such as graduate apprenticeships but to enhance

our intelligence about the needs of business and the flexibility to deliver. Collaboration between SFC and SDS is particularly important to protect the young from the economic effects of the pandemic.

Breaking down barriers between agencies and working as one is particularly important in terms of geographic connectivity. Collaboration between SFC and HIE in relation to the University of the Highlands and Islands has been very successful. Further collaboration with South of Scotland Enterprise will also be important as well as increased participation from SFC in other regional structures such as Community Planning Partnerships.

We also need to consider whether or not we have the right metrics. For example the REF- if institutions are having an impact outside of academia, for example through spinouts, IP and commercialisation - these should be recognised and given appropriate weight.

Support systems for young people are important so that no one is put off by the expense of attending universities, particularly people from rural areas for whom accommodation may represent a major expense.

Many of the points raised by this question are difficult to answer for anyone that isn't familiar with SFC's current processes. The SFC already has mechanisms at its disposal including the outcome agreements and the funding and accountability frameworks referenced in this question. How are these used currently to offer support and encourage different changes and behaviors amongst the institutions - and has their effectiveness been evaluated?

The review seeks to propose changes to SFC's funding, operations, and accountability frameworks in order to respond effectively to new challenges and opportunities and to provide advice to Scottish Ministers on relevant changes to policy. This will have implications beyond the role of SFC and impact on other stakeholders and delivery bodies in the sector. How is it proposed that the review will address this?

Additionally, the Call for Evidence is focused on gathering views about the challenges and opportunities for the sector, largely in the near term, and only the last question provides the opportunity to discuss the role of the SFC in facilitating solutions and longer term change. It is hoped that there will be a further opportunity to contribute and provide feedback as the review progresses, its focus sharpens and potential options for change are explored.