



Response to SFC's consultation on a draft strategic plan

Universities Scotland welcomes the opportunity to respond to the Scottish Funding Council's consultation on the development of its strategic plan for the next three years. Our response is structured around the consultation questions, but could be summarised in terms of the following key themes:

Partnership: Experience has shown that the best outcomes for the sector and for Scotland follow from a strong and productive partnership between the SFC and autonomous institutions. We very much welcome the foregrounding of partnership as an overarching theme. Our response considers how this may be reflected more consistently in the substance of the plan.

Ambition and strategy: We welcome the ambition expressed in the plan and look forward to gaining deeper insight into how this can be quantified, and what strategic actions can be taken to achieve it, in the context of constrained resources.

The evolution of the SFC: We believe that this plan represents an opportunity for the SFC to explore how it can adapt to support universities to deliver their economic, cultural and academic contribution to Scotland.

Building on success: The Scottish HE sector is highly successful by many measures. The SFC and Scottish universities have a track record of collaborating successfully in a range of areas, including research pooling, the quality enhancement framework and widening access. Recognising and building on past and current success will be key to any strategy for the future.

General comments

This consultation comes at a significant moment. The Council's funding of the sector has seen a significant cash cut in AY2015-16 and capital funding is now at a historic low. The ambition of the strategy is therefore welcome. In good or challenging times, the Council has an opportunity to play a significant role in both supporting higher education as a key sector of Scotland's economy in its own right and challenging it through constructive dialogue across the breadth of policy issues.

The strongest outcomes for Scotland have been achieved when the Council has worked with the sector with the ambition and spirit of partnership that characterises the consultation document. Developments such as Scotland's distinct and progressive approach to quality enhancement, research pooling, innovation centres or work on more accurate measures of widening access have embodied constructive partnership. We believe that it is this approach, coupled with the necessary resources, that offers the opportunity for the Council to meet its stated ambition.

The plan has the potential to usefully set out a clear practical sense of the scale and type of progress that is required to achieve the overall ambition. We believe that its relevance will be enhanced by a reflection on the role that institutional autonomy and diversity plays in success and a recognition of the challenging overall financial context.

The plan would usefully note that we start from a position of strength. There is a wealth of evidence that Scotland's HE sector already makes "a major contribution to Scotland's social, cultural and economic development", to quote the overarching 'ambition' from the plan. Indeed, it punches far above its weight

by global standards – whether relative to population or levels of public investment. Likewise, the reader of the plan should be left in no doubt that the qualities listed on page 10 are not merely aspirations for 2025 but are very substantially a description of the HE sector’s current success.

However, holding and sustaining a truly world-leading position will be achieved in the face of intensifying global investment in higher education. For ambition to become a reality the Council will have to play its part with significant levels of public support channelled in effective and innovative ways. The plan should therefore also provide clarity on the complementary contributions of the SFC, HEIs and other stakeholders towards achieving our shared ambitions for a world-leading higher education sector.

As currently drafted, much of the plan reads not as a strategy for the SFC, but as an outline of how the SFC envisages the future of the Higher Education sector in Scotland. Since the SFC is not responsible for setting objectives for individual institutions, the plan should focus on the actions which the SFC itself intends to take in order to realise its ambition.

Relatedly, and whether intentionally or not, some parts of the plan express the Council as the ultimate actor in securing outcomes as opposed to its role in working with the sector.

“We will improve continuously the quality of governance in the sectors” at p12

“We will use our Outcome Agreement process to achieve access excellence in all colleges and universities, and will set ambitious targets” at p15

Examples of where the strategy sets out the relationship appropriately include:

“We will develop our Outcome Agreement approach in partnership with colleges and universities and our other partners

We will partner and collaborate effectively with the widest range of organisations possible, address complex challenges, and together make a greater impact.” (p11)

“We will support continuous improvement in performance, through our dialogue on Outcome Agreements” (p12)

“[We will i]nvest in, and support the development of, a university research base that is internationally competitive” (p19)

As noted below, the section of the plan that deals with research is generally more appropriately phrased than some other sections in this respect and with regard to the acknowledgement of the sector’s current strength.

Finally, it would be useful if the plan contained some consideration of how the SFC will structure itself to deliver its strategic actions. This is hinted at a number of times, but no substance is given. Universities Scotland welcomes the values which the SFC has laid out in the plan, but would welcome an articulation of a commitment to creating an operational environment which will allow the SFC to fulfil its key roles; through administrative and procedural effectiveness.

Question 1: Is the draft plan sufficiently ambitious for the college and university sectors over the next ten years?

In general, Universities Scotland welcomes the level of ambition which is set out in the draft plan, through the SFC’s stated overall ambition;

“that Scotland will be the best place in the world to learn, to educate, to research, and to innovate...

...with colleges and universities making a major contribution to Scotland’s social, cultural and economic development.”

However, more context would be required to establish the real substance of this ambition, how it might be achieved with limited resources and the SFC’s particular role in this. It would be useful to provide the

reader with further insight into Scotland's current place in the global context of education, research and innovation. By providing additional context, the SFC could determine a starting point and clear destination for Scotland to be "the best place" for these activities. This would give a method of measuring the SFC's progress in relation to its overall ambition. It would be helpful to see greater precision in relation to the outcome of the ambition. For example, in *New Horizons* the ambition articulated was that "Scotland must be in the top decile internationally in terms of the percentage of GDP invested in its universities and in the top quartile of OECD countries for national investment in research, development and innovation" by 2028.¹ Similarly quantified aspirations to concrete action would be welcome in the SFC's strategic plan.

The level of aspiration shown in the Ambition does not appear to be matched in the Task. The language of 'care for and develop', on its own, implies marginal adjustments. We would welcome a clearer commitment here to grasping strategic opportunities and a sense of how this may be achieved, in partnership with the sector.

It should be made clear that universities already make "a major contribution to Scotland's social, cultural and economic development". The Higher Education sector is the third largest economic sector in Scotland and a key partner with Scottish industry in driving innovation. Meanwhile universities have transformative effects on their communities, and on Scotland as a whole, as (among other things) engines for social mobility, hubs of lifelong learning and the centres of vibrant student and staff communities, not to mention the transformative impact of university research both locally and globally.

Similarly, the draft plan names as priorities five concepts which the Higher and Further Education sectors in Scotland should embody by 2025:

- i. connected and coherent;
- ii. accessible and diverse;
- iii. adaptive and responsive;
- iv. excellent, successful; and
- v. sustainable.

These are principles with which Scotland's universities are universally aligned. The sector can point to a great deal of success in terms of these outcomes, which should be given appropriate recognition. It would be helpful if there were overt reference here and elsewhere in the document to enhancement from a position of strength – often UK and world-leading. Reference only to the future achievement of outcomes could be taken to imply a current deficit, especially when presented alongside a 'Programme for Change'. We believe that this could present the external reader with a quite inaccurate picture of the achievements of the sector.

Universities Scotland would be encouraged by acknowledgement within the strategic plan that the diversity of the sector makes it inappropriate to apply blanket aims to all the universities in Scotland and that, as such, the autonomous missions of individual institutions should be respected.

Question 2: What do you think are likely to be the main challenges for further and higher education over the next ten years?

The sector faces numerous challenges if it is to maintain its high standing on a global stage, amid intensifying competition. Fundamental to meeting all of these challenges will be the maintenance of funding for core teaching and research. Without this solid basis, essential strategic investments may be effectively precluded. The ability to raise additional revenue from non-SFC sources is fundamentally dependent on the maintenance of quality in research and teaching, which therefore constitutes a high-return investment. As a result of policy decisions made in 2012, previously announced uplifts to SFC teaching grants were not implemented and these have instead fallen in real terms over the subsequent

¹ See page 4 of *New Horizons: Responding to the challenges of the 21st century*, published by the Scottish Government in 2008. It is available at: <http://www.gov.scot/resource/Doc/82254/0061979.pdf>

years. More recently, SFC research grants have seen significant cuts. The maintenance of core T and R grants is fundamental to meeting the challenges set out below, and others, without compromising long term sustainability and we would welcome a commitment to this effect.

It is this foundation from which institutions will seek to shape and respond to their operational environment to continue to deliver major successes for Scotland. For example:

International competitiveness. The sector continues to be very successful in the competition for both the best staff and the most talented students. However, competition is intensifying. In order to compete within the international market, universities need investment, an ability to plan, and the capacity to be flexible enough to take up opportunities when they arise. Within the current changing, uncertain funding environment, implementing ambitious plans within a university will continue to be challenging. Competition is also increasing between the Scottish and English sectors, driven by tuition fee policy and taking into account postgraduate support and loan schemes.

Further erosion of overseas recruitment for both undergraduate and postgraduate degrees:

UK Visas and Immigration requirements and limitations on post-graduation work opportunities, deter international students. An example of this would be the decline in entrants and applications to UK from the Indian subcontinent whilst data from US/Australia suggests there are growing numbers enrolling in both countries.

Digitalisation and innovative learning:

Universities are continuing to innovate in their offering to students including increased flexibility in methods of learning with blended learning becoming a common model. The future will require appropriate IT infrastructures to be in place to allow innovation in the delivery of learning. Innovations in learning and teaching will also require investment in on-campus teaching and study spaces.

Employability of students:

Universities are focussed strongly on the employability and entrepreneurial attributes of their students, both undergraduate and postgraduate. The needs of employers are already woven into provision, meeting employers' demand for students coming into the workforce to be 'work ready'. While Scotland's universities have an excellent record in this area, investment and continual enhancement will be needed in order to meet growing expectations under conditions of increasing competition. The sector is keen to further expand work placement and outward mobility programmes as part of this.

Question 3: Our Task - Do you have any comments on our priorities for the whole system of colleges and universities?

Universities Scotland broadly welcomes the aim of strengthening the relationships between universities and colleges, and taking a coherent approach to the education system. However, it would be helpful to receive clarification as to how the SFC intends to meet the different needs of further education institutions and higher education institutions, within the one plan, whilst also achieving its own ambitions.

Reference to a "leadership role" at pages 10 and 11 of the plan should be either defined or recast in terms of partnership and support. As noted above, the central role of the SFC with respect to HE is one of funding alongside strategic dialogue. We recognise that this entails a strategic role in partnership with institutions and government, and indeed, acting as a bridge between the two sectors: supporting HEIs, whilst providing independent advice to government. However, the notion of 'leadership' in isolation, as articulated at some points in the plan, could imply an inappropriately directive approach. Universities Scotland believes that the SFC can best support HEIs by fulfilling its key enabling role and facilitating a challenging dialogue between the sector, the Council and government.

Universities Scotland is committed to "modern, transparent and accountable governance arrangements" and welcomes the stated intention to "work with colleges and universities" in this area. However, the remainder of the wording on this point could give the impression that current arrangements are not

modern, transparent or accountable and that the sector has not addressed governance issues independently. Care should be taken to avoid this inaccurate impression, given the recent creation of the Scottish Code of Good HE Governance, intensive work to ensure compliance with it, and a commitment by the CSC to review in 2016.

Question 4: Do you have any comments on our priorities for high-quality teaching and learning?

Performance monitoring and evaluation:

Universities Scotland generally supports the priorities laid out in this section, but would suggest some changes of tone and emphasis. Recognition should be more clearly given to the transformational impact of higher education learning and teaching on students of all ages and the development of knowledge rather than just skills, and the desire to build from this high baseline. We note that through the Outcome Agreement process, universities have demonstrated their willingness to set their own strategic aspirations and agree these in consultation with the SFC. This successful model of shared ambition and high aspiration should be reflected in the language used throughout the SFC's Strategic Plan. Useful clarity could be brought to this section by more clearly marking where actions were intended for colleges or universities as not all actions will be required or appropriate in both sectors.

There appears to be an increased focus on scrutiny and performance monitoring, both via the Outcome Agreement process and other "evaluation processes" as per page 15 of the document. Further clarity would be helpful on the extent to which this constitutes a proposal for new or enhanced scrutiny processes, which could have a substantial operational impact on institutions and the Council. Significant consequences could flow from particular details of how these ideas are implemented; for example, "*embedding independent, external, critical, challenging voices into evaluation processes*" implies that this is not already a core feature of university process and does not detail the proposed scrutiny process and how any new or enhanced processes will interact with external bodies. While a strategic plan is not the place to articulate this level of detail, potential interpretations and consequences of these make it important to indicate clearly the extent to which new processes are envisioned, or whether the intention is more the evolution of current arrangements. Either way, the sector would be reassured by clarity over the relationship between levels of investment and systems for monitoring the success of investments.

References to target-setting in Outcome Agreements contrast with the existing understanding of Outcome Agreements as articulating shared aspirations and ambitions, agreed in the context of institutional strategy. We would welcome greater recognition of the role of Outcome Agreements as a strategic tool which contributes to both the individual university strategic plan and the SFC's strategic plan, as has been discussed regularly in the past. This approach better reflects the ethos of partnership and we consider it to be an essential foundation for achieving the SFC's 10-year ambition of Scotland being the best place in the world to learn, educate, research and innovate.

Universities Scotland welcomes the institutional ownership of self-evaluation, already a requirement of universities' quality system, but advises against conflation of quality processes and the Outcome Agreement process, as implied on page 15. The efficacy of each process is strengthened by clarity of purpose and distinct role. The emphasis on student involvement in quality assurance is also welcomed, but the ongoing success of universities in this area should be acknowledged.

References to investment are notably fewer and less prominent under learning and teaching than under research and innovation. Care should be taken not to imply in this way that resources for learning and teaching will be deprioritised. Investment in learning and teaching will be crucial to ensure a world class student experience, to attract the best staff and students from around the world and to keep Scotland at the forefront of technological developments in this area.

Widening Access:

This is an important area where the sector is continuing to work with the Council. There is the prospect of further development with the ongoing work of the Commission on Widening Access, and a further cohort of additional places. However, we would welcome acknowledgement of the success of institutions in this

area to date. This is another area where the SFC already works with universities through the Outcome Agreements process and it should be recognised that access and participation are influenced by many factors that are beyond the control of HEIs and the SFC – meaning that action will be required from a range of stakeholders, beyond the SFC, colleges and universities. Also, it will again be important for the SFC to acknowledge the diversity of the sector in order to avoid taking a blanket approach, which may be unachievable or inappropriate for some institutions, and which could go against strategies which were previously agreed with SFC in the context of Outcome Agreements.

While the sector is committed to widening access, it will be challenging to achieve the Scottish Government's aim for Universities to admit '20% of entrants from the most deprived 20% of the population' in the context of a schools attainment gap and whilst taking account of the impact on other student cohorts. This is an area in which genuine partnership and mutual understanding are essential; progress made already through the collaborative approach taken to WA measures is an example of a relationship of constructive partnership and challenge in this regard.

We welcome the intention to support institutions in implementing contextualised admissions, but again would welcome recognition that contextualised admissions is significantly advanced work in a number of institutions, with institutions already applying these principles in their admissions processes. Again, implementing this proposal successfully will involve increased successful collaboration with external partners, in order to successfully obtain and use the relevant data effectively. Achieving and measuring success in contextual admissions depend heavily on the appropriate use of data, including the full recognition of non-geographic indicators in an appropriately applicant-centred system. We look forward to continuing to collaborate effectively with the SFC, to develop this process and work towards maximally effective contextualised admissions.

Alongside admissions, attention should be given to retention, progression, and supporting students to go on to success upon graduation. Students need to be supported to progress through their studies, and outcome figures that focus only on entrants, not on all students with a disadvantaged background in the whole university population, do not tell the whole story.

A 'whole sector approach' to widening access means that more emphasis on diverse journeys is needed to ensure that students can reach the education which is appropriate to fulfil their potential. Reference is made to widening access for 'young people', and the plan should highlight that widening access can and should represent a much broader age demographic.

We welcome the ambition to increase international student mobility, but financial barriers may also prevent students from taking up such opportunities, and this is particularly true for students from disadvantaged backgrounds. Consideration needs to be given to how the right financial conditions can be created to allow students to take advantage of the opportunities that already exist.

Question 5: Do you have any comments on our priorities for world-leading research?

Universities Scotland welcomes the priorities in this area and we would suggest that the broad form and tone of this section provides a suitable model for other parts of the strategic plan, in both recognising the strong achievements of the sector to date and identifying particular strategic actions to build on them in the future.

The primary role of the SFC in this area is to create a robust and stable environment in which Scottish universities can undertake excellent research. It would be useful to see, more specifically, what strategic actions the SFC intends to take in order to create such an environment, particularly in the context of constrained resources. A significant cash cut in the overall SFC funding available for research in AY2015-16 points to the challenge here and the potential gap between ambition and reality.

We are pleased to see explicit recognition of Scottish universities' proven track record in undertaking world-leading research, including their outstanding performance in the Research Excellence Framework

(REF) 2014. If they are to continue to undertake research of this quality, they will need to be able to rely on funding decisions which enable them to do so. It is important to note that this relates not only to dedicated research funding mechanisms such as the Research Excellence Grant, on which the dual funding model rests crucially, but also capital funding to support world-leading research facilities. We would welcome reference to this latter form of support for research. Scotland's research strengths offer the potential for attracting significant inward investment, bringing major economic, cultural and societal benefits to Scotland. This is an area where the Council can play its role in sharing and pursuing such ambition. There are clear parallels to recent strategic investments in Northern England, including Manchester's Graphene Institute, and other bold investments such as the Francis Crick Institute in London. It would be helpful to be given further insight into how the SFC intends to fulfil its ambition by supporting Scottish universities to expand their research facilities in a comparable way.

The strong link between teaching and research must be acknowledged and maintained in order to strengthen both areas, and to ensure that they both continue to receive the necessary support. Welcome reference is made to investing in the training and development of postgraduate research (PGR) students. It should be recognised that funding to support postgraduate taught students is vital to provide the pool of PGR students. This will be essential if Scotland is to realise its research potential through opportunities for Scottish students as well as attracting international PhDs and researchers.

Question 6: Do you have any comments on our proposals for greater innovation in the economy?

The priorities under this outcome are broadly welcome. It will be crucial for universities to have input on national strategy on innovation, as their involvement will be central to achieving the objectives.

The plan rightly notes the sector's significant success in supporting and driving innovation. To do more, the sector has created a 5 point action plan to drive these achievements further. The content of the plan.

This recognition of a record of success has not been reflected in the Council's approach to recent work in this area.

In this context, the plan cites the role of colleges in working with SMEs. Universities work with over 10,000 SMEs every year and, at least as equally, have such links.

Similarly, the current drafting might be interpreted that there is a significant deficit in the embedding of employability and entrepreneurship in the curriculum. The sector is keen to work in partnership with the Council on this issue as set out, but a recognition of the scale and breadth of current achievement would be welcome.

Partnership, starting with a recognition of the wealth of hard evidence of achievement, would be the best foundation for taking this vital agenda forward over the coming three years. The Council's closer relationship with the enterprise bodies has been a welcome development and we look to this continuing to ensure 'joined up' action to increase business demand for university-based innovation.

As with research, the plan might usefully reflect on the significant role of the sector in driving inward investment and economic impact. In the innovation sphere too, SFC will have an important role to play in working extensively with government, at the Scottish, UK, and European levels, to ensure that Scotland continues to attract appropriate innovation support from all available sources. This role should be reflected within the Strategic Plan. The plan should also reflect the role which Scottish universities have to play in the UK innovation systems, such as Innovate UK and the Catapult Centres.

Question 7: Do you have any comments on our priorities for using our resources effectively?

In deciding how resources can be used most effectively, it will be important for the SFC to consider the diversity of the sector and the differing contributions made by each institution, in the context of the range

of outcomes which can be met by the higher and further education sectors. We would like to see this reflected in the plan. The SFC should work in partnership with institutions, related public bodies (both within and beyond Scotland), and industry, in order to determine how a constrained resource can be used to Scotland's maximum benefit.

Universities Scotland would like to see more detail around how the SFC intends to deliver well-designed funding methods which are responsive to policy and which allow institutions to adapt to the fiscal context. The stewardship of funding systems that provide institutions with capacity to deliver outcomes is at the heart of the Council's role. Strategic funding is a vital component of the Council's work; however, it can only be successful if it builds on secure foundations. We look forward to continuing the dialogue with SFC on how the key funding streams can provide these foundations and how strategic streams can be created and implemented successfully.

The plan demonstrates a clear focus on value for money, which is welcomed by Universities Scotland as our members continue to demonstrate how the higher education represents value for money, in terms of both impact and efficiencies.

The partnership with the Council to develop a 10 year capital strategy has been welcome. Anticipating its success, we would welcome initiatives from SFC aimed at supporting further investments in infrastructure to keep Scottish Higher Education institutions at the forefront and to support delivery of an excellent student experience and to underpin research excellence.

Question 8: Are there any other priorities that should be included in the plan?

Investment in research and teaching will need to be underpinned by capital investment, to create an environment which enables world-leading research to be undertaken, and world-class teaching to be delivered. The plan makes reference to world class facilities in both these areas, but it would be reassuring to see more detail in relation to how the SFC will invest to support such facilities. In order for universities to plan how they will continue to deliver outstanding teaching and research, Universities Scotland would welcome greater insight into the strategic actions that the SFC intends to create an infrastructure for capital investment, and what the level of funding is likely to be.

While there is reference in several places to Scottish HEIs' international connectivity, it would be encouraging to see more detail in relation to how the SFC will continue to support Scottish universities to operate in their context as part of a UK-wide higher education eco-system. This is an important role that is currently played and one that is increasingly important as Scotland's context changes relative to other UK universities.

We welcome the recognition of the vital role of the Council in providing authoritative advice to government. Where this works well there is appropriate partnership with the sector to evidence this. Meeting the expressed ambition of the plan will require resources but it will also require the devotion of the Council's significant operational capacity towards high quality policy development. A description of how the Council will deliver this key element of its role in the 'using our resources' section would be welcome. We recognise that the Council has gone through significant operational change over recent years. This section would benefit from some further exploration to set out clearly how the Council will deliver effective operations marked consistently by accuracy, transparency and responsiveness.