



COHERENCE AND
SUSTAINABILITY:
A REVIEW OF
TERTIARY
EDUCATION AND
RESEARCH

SUMMARY



Scottish Funding Council
Comhairle Maoinachaidh na h-Alba

29 JUNE 2021

REVIEW SUMMARY AND KEY RECOMMENDATIONS

The Scottish Funding Council (SFC) is the national, strategic body that invests £1.9 billion in tertiary education, research and knowledge exchange, through colleges and universities. In June 2020, Scottish Government Ministers asked us to review how we could best fulfil our mission of securing coherent, good quality, sustainable tertiary education and research in these changing times. This Review has been conducted over three phases, and in an inclusive, evidence-based and collaborative way that gathered views through an open call for evidence, and short-life advisory and reference groups. It stands on the shoulders of Scottish sector expert reports (such as the Cumberford-Little and Muscatelli Reports) and has benefited immensely from the generous insights and guidance of countless participants from across and beyond the sector who were also managing acute pandemic situations and many other priorities. We are grateful to everyone involved.

This Review is not intended to be an endpoint. There is no one simple answer to the commission, only hard choices in uncertain times. We have outlined the challenges and complexities we face collectively and the significant strengths and necessary diversity of the institutions, subjects, qualifications and research evident across Scotland. Given the importance of subsidiarity in decision-making and the autonomy and agency of institutions and other actors within the tertiary and research system, we highlight the importance of deeper collaboration and partnerships to effect change. We aim to balance ambition and pragmatism, pandemic pivots and long-term adaptation. Our recommendations, therefore, build logically from years of policy direction and investments that are particular to tertiary education and research in Scotland, to enable the system to evolve to be even more coherent, responsive and effective for the years ahead,



for current and future students, for the skills needs of employers and for wider social and economic goals. We provide an overview of our recommendations in this section, and all our detailed recommendations are threaded throughout this report and collated in Annex 1 of this Review Report.

The current system has many strengths that sit alongside our recommendations for the future. Colleges and universities are major national assets, with significant social, economic and cultural impact. Their excellent research catalyses ideas, innovation and economic growth; and they create a pipeline

of skills across technical, vocational and critical thinking requirements at every level and from all walks of life. The return on investment for colleges and universities ranges between £6.50 and £11 for every £1 invested. They employ 62,000 people (with an additional 73,000 jobs supported by universities alone) and they help shape local communities and address social inequality and disadvantage. Their global reach is unparalleled, bringing reputation, investment, collaboration, talent and cultural diversity to Scotland. We are clear about what could be better but we understand the importance of what we already have.

KEY RECOMMENDATIONS FOR SYSTEM CHANGE

Develop a clear strategic, longer term vision and intent for the future of tertiary education and research undertaken by colleges and universities in Scotland, that incorporates multi-year funding assumptions and commitments, and a new National Impact Framework to enable the sector to better plan provision for students and employers, secure excellent research and international reputation, and adapt business models and drive collaborations to remain sustainable and achieve desired outcomes.

Protect excellent discovery research and develop mission-orientated research and knowledge exchange activities, in order to create knowledge of immense social, economic and cultural value; and to maintain Scotland's associated international reputation which acts as a magnet for talent and investment, and is fundamental to the resilience and sustainability of the sector.

Build capacity and a more systematic approach to the way we collectively plan coherent tertiary education and skills provision and investment, so that it responds better to current and future needs of pupils, students, employers and broader

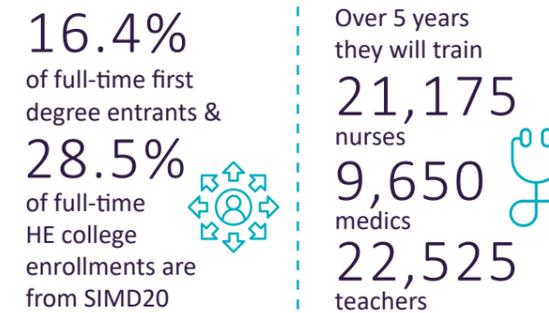
economic and social drivers, while holding in balance the policy imperatives of promoting fair access and equalities, and the journey to a net zero carbon future.

Find better ways to support learning throughout life, to enable people to reskill and upskill, as the labour market and the future world of work shifts, and to get credit for that learning, by reviewing existing targets, the assumptions that underpin existing funding models and student support, and qualification frameworks.

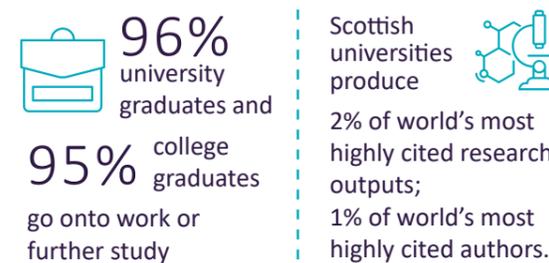
Ensure the interests of current and future students are protected and promoted in the development of standards, outcomes, blended and digital learning opportunities, equality and inclusion actions, participation frameworks, investment and approaches to accountability.

Recognise more fully the importance of international education connections and global research standing as an intrinsic part of Scotland's social and economic prosperity, the student and staff experience, and the success and sustainability of the higher education sector.

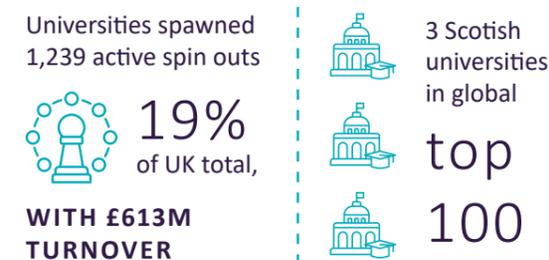
Galvanise current and future leaders across tertiary education, skills provision and research to work together to effect system change, building from our existing strengths, to tackle knotty long-term challenges and opportunities, and to develop the system for the future.



83% of first degree enrolments were to STEM, work-based or social science courses. Colleges deliver a quarter of all higher education in Scotland.



Colleges & universities employ 62,000 people direct and ROI ranges from between £6.50 and £11 for every £1 invested



Flexible Workforce Development Fund, enables colleges to engage with over 800 companies a year

Regeneration projects involving colleges and universities are worth £407 million over 5 years



SURVIVING AND THRIVING WITH COMMITMENT AND IMPACT

As we are still working through a pandemic that will ripple into the next two academic years, **we recommend the Scottish Government rolls forward the extraordinary measures and funding from AY 2021-22 into AY 2022-23 so that colleges and universities can play their full role in economic and social recovery.** This should include enabling SFC to design a new one-year intervention to support graduating students of all backgrounds into employment opportunities where necessary, with a focus on those most likely to be affected by the pandemic.

We recommend the Scottish Government sets out its overall strategic, longer-term intent for colleges and universities in a way that articulates its vision and direction for tertiary education and research, and provides guidance for the development of associated frameworks.

To enable colleges and universities, along with SFC, to undertake better strategic planning, adapt business models and collaborations, forge lasting and deeper relationships with industry and sector partners, and ultimately secure greater impact **we recommend the Scottish Government sets out multi-year funding assumptions and commitments across tertiary education and research.**

A new overarching **National Impact Framework** for the sector should be developed by SFC, collaboratively with the sector, students and key stakeholder, to provide a more direct line of sight to Scotland's National Performance Framework and United Nations Sustainable Development Goals, and the government's strategic intent. This would provide greater clarity about expected outcomes for students, research impact, economic and social renewal, and leadership for the climate emergency, equalities and fair work. It would provide the overarching context for a more targeted Outcome Agreement negotiation between SFC and institutions. SFC is the first public body in Great Britain to develop a Memorandum of Understanding with the Equality and Human Rights Commission to increase scrutiny of the progress being made by colleges and universities to advance quality, diversity and inclusion, and to bring coherence to equalities reporting. This work will also inform the outcomes we should expect in the development of a National Impact Framework for all institutions and how best to report progress.



TOWARDS A RESPONSIVE, COHERENT EDUCATION AND SKILLS SYSTEM

- We recommend the **introduction of a revised approach to strategic provision planning and skills alignment**, which would include **SFC convened Tertiary Provision Pathfinders** to better explore strategic planning and partnership working at a regional level, assessing demand and future tertiary and skills provision that balances the needs of students, employers and broader economic and social drivers. This would maintain a focus on widening participation; equality, diversity and inclusion; and the need to tackle the climate emergency.
- Given the need for deeper, long term and less transactional relationships between business, industry and academia, we recommend SFC works with the Scottish Government to develop a more strategic and comprehensive **Economic Recovery and Employer Engagement Investment Programme for colleges and universities** and that SFC establishes an **Employer and Industry Advisory Group** to work across the full spectrum of SFC’s mission from coherent provision to research and knowledge exchange.
- In response to the post-pandemic planning and delivery challenge of providing inclusive and high-quality training for the health and social care professions, that meets the needs of diverse communities across Scotland, **SFC will develop and deepen strategic relationships with NHS Education Scotland (NES)** using shared data and our combined understandings of the demand for skills and the supply of college and university education to address it.
- As learning throughout life will become increasingly important and the pace of change in the jobs market will require people to undertake more frequent reskilling and upskilling (while too many people still have few or no qualifications), **we recommend the development of shorter, sharper courses to support learning throughout life** to be

enabled in part by further work by SFC, the Scottish Government and partners to revise existing activity targets and model different planning assumptions for our funding. **We also recommend SFC pilots a National Micro-Credential Framework and Delivery Plan for Scotland** to certify this bite-sized learning and explore how modules can be combined to form larger qualifications over time. The Scottish Government should also consider with us what further flexibilities in student support will be required to fully support learning throughout life.

- Given the significance of the college and university estate to Scotland’s built environment, cultural identity, economic and community development, and the creation of economic activity, **we recommend that the Scottish Government should work with SFC and the sector to develop a national vision and strategy for the college and university estate that prioritises areas for collaboration (between institutions, and potentially with industry) and between regional partners.** This should include joint planning on national infrastructure and estate planning for future digital requirements; on a route map to achieve net-zero emission goals; and to respond to changing student expectations. **We also recommend the Scottish Government reviews its current funding for low carbon estates projects to support colleges and universities and considers multi-year funding; works with SFC and the finance industry to investigate new funding vehicles for capital funding; and supports incentives for collaboration activities between colleges and universities.**
- In line with the Scottish Government’s ambition to achieve a modern, high-value, inclusive economy, **SFC we will evaluate the progress the sector is making towards adopting Fair Work First criteria** that aim to generate work that offers people an effective voice, opportunity, security, fulfilment and respect.



PROTECTING AND PROMOTING STUDENTS’ INTERESTS

- The pandemic experience has been unprecedented for students, and for the academic and support staff who have worked so hard to respond effectively to the needs of students throughout this remarkable crisis. We have captured snapshot feedback from student representatives of the lived experience of students across Scotland, to sensitise policy-makers, funders and decision-makers to the issues that should affect preparations for AY 2021-22. We also draw out the shifting patterns of expectations that will affect how institutions engage, respond to and support students whose experience will vary depending on their circumstances and shared protected characteristics.
- We invest around £34m each year in the delivery of learning in schools across Scotland. We will work with the Scottish Government to enhance pathways and more efficient routes that reduce unnecessary levels of study so that we can direct our investment in schools to best effect. **We will introduce a National Schools Programme for Tertiary Education in Scotland** to develop existing successful projects that act as a bridge between Senior Phase school and tertiary education into a recognisable, visible and coherent programme.
- It is a testament to the focus of SFC and committed staff and governors across the sector that we have made significant collective progress in the delivery of the Widening Access Commissioner’s Blueprint for Fairness, not least achieving ahead of time the interim target that students from the most deprived communities should represent at least 16% of full-time first-degree entrants. **We recommend working with the Scottish Government on how best to take our widening access work further**, including the way we measure and invest funds, set targets and track widening access, and the role of a commissioner for the future. **We also recommend**

working with students and institutions to develop a refreshed set of institutional expectations on fair access pathways, ensuring that proper account is given to outreach and representation.

- Excellent online and blended learning delivery for students is no longer nice-to-have, but will now be part of the core strategy of every educational institution, regardless of the continued importance of residential and campus life. The rapid pivot to online learning in 2020 was only possible because of the brilliance, flexibility and dedication of teaching and support staff. **We will work with sector agencies to realign SFC’s investments to support the digital skills of educators** so that they are equipped to develop and deliver high quality online and blended learning that meets the needs of students; and we will support the change agenda within our colleges and universities by **working with JISC to explore the creation of a national digital consultancy service for senior leaders in tertiary education**, reflecting Institutions’ own plans for development and SFC’s investment, to inform future decisions and investment priorities so that we can accelerate change and implement good practice together. **We further recommend the Scottish Government improves the provision of equitable digital connectivity on and off campus to enable students in post-16 education to take up technology-enhanced learning opportunities.**
- While there is widespread support for external scrutiny of quality, the current bifurcated approach for colleges and universities no longer provides the oversight needed for a more integrated tertiary system. **We recommend the development of a single framework for quality for colleges and universities**, to uphold academic standards and secure enhancement of the learning experience of students. This framework should have at its heart making Scotland the best place to be a student within a college or university and sharing good practice across tertiary education. **We will work with partners to develop a national level standard for online and blended learning**, to ensure students and quality assessment frameworks are clear about expectations and effective practice.



SUSTAINING RESEARCH AND ENHANCING KNOWLEDGE EXCHANGE

- Scotland’s universities deliver consistently cutting-edge research that creates knowledge of immense social, economic and cultural value. We are genuine world leaders across key areas of research and **we recommend that the Scottish Government continues to protect excellent discovery research funding and that SFC maintains the current concentration of research across the sector, funding excellence where we find it.** We will change our approach to evaluation and gather better evidence of how universities are using our core funds for research, and how we account for spill-over benefits.

- Given the excellence of our research base and the collective challenges we face, we outline the need to mobilise funding and action, across disciplines, to coalesce around particularly knotty societal problems. **We recommend developing mission-orientated research and knowledge exchange themes and funding** at a national level to catalyse cross-sector working and collaboration that maximises resources and expertise to tackle long-term challenges (particularly the climate emergency and net-zero carbon). This missions-based approach would be co-created and developed with a range of partners including active researchers, and sit alongside our investment in discovery research, and would galvanise our knowledge exchange investments.

- As we compete for global talent and open up research careers to a wider range of people, promoting diversity and inclusion, and attracting all the talents, **we will work with the sector to develop a blueprint for establishing a positive research culture in Scotland.** We also outline a suite of recommendations to better support the postgraduate research student experience, with more rounded expectations about the acquisition of skills in leadership, business acumen, and entrepreneurship; and consolidate our support for national graduate

schools as important communities that can foster collaboration and a positive culture.

- SFC’s Research Pooling Initiative has secured significant investment in cross-institutional collaborations to achieve critical mass in key disciplines, like informatics, life sciences, marine science. **We recommend that SFC recommissions Research Pools, creating next-generation networks** with a focus on challenge-oriented research collaboration, leveraging additional funding and fostering early career researcher communities and training.

- To build on our research excellence, and to make the most of the research, skills support and knowledge base of colleges and universities, we have invested in Innovation Centres, Interface and other major facilities, to help encourage businesses to invest in Research & Development (R&D), to benefit from innovation and to raise ambition and wages. We intend to centre our knowledge exchange and innovation support on the top priorities of a green recovery, a well-being economy and transition to a net-zero carbon society; and **we recommend SFC relaunches our flagship knowledge exchange investments, Interface and the Innovation Centres, establishing a new overarching Knowledge Exchange Advisory Board, a more stable investment relationship, and redefined metrics of success.** **We also recommend that SFC works with the Scottish Government to create a new Knowledge Exchange and Innovation Fund for universities and colleges,** to provide underpinning support to contribute to national and regional economic and social goals.

- **We recommend co-designing an Entrepreneurial Campus Strategy** to dramatically increase the flow of entrepreneurs into technology and other innovation ecosystems; and continue to develop the capacity of the academic community to train entrepreneurs and business leaders to themselves teach the entrepreneurs of the future how to scale up successful businesses.



INTERNATIONAL EDUCATION

- Universities and colleges are assets for Scotland in terms of their international reach and activity. They are exporters of education; secure partnerships across the globe; attract investment and talent; enrich the experience and cultural environment for students; and rely on their international reputation to attract international students as a fundamental part of their growth and financial sustainability strategies. The excellence of university research underpins that reputation (given its importance in international league tables). So, highly ranked, research-intensive universities are fundamental to the resilience and sustainability of the sector as a whole and provide wider benefits for Scotland given their global standing. The Scottish

Government has committed to developing an **International Education Strategy** that positions Scotland as a primary destination for international students and recognises the international education delivered by universities and colleges as an intrinsic part of Scotland’s economic and social recovery strategy. We suggest elements to consider in the development of that strategy, including the need to maximise connections and collaboration across alumni networks, within international missions, through exchange and mobility schemes, and government overseas engagements.

- Given the competitive international environment, **we recommend the Scottish Government works with the sector to develop a strong marketing strategy for the Scottish tertiary education and research brand,** with urgency, particularly across prime digital channels, that showcases beacon institutions and emphasises Scotland as a safe, welcoming, supportive, socially progressive, environmentally aware destination.



SUSTAINABILITY AND COLLABORATION

- While the financial impact of the pandemic has been unpredictable and unprecedented, exposing fragilities and the reliance on international student income, it has demonstrated the success of mitigation strategies across the sector. Institutions will adapt to changing times to fulfil their missions, although Boards and Courts will face difficult decisions in that process. As we emerge from this pandemic and develop themes from this Review **SFC will work with the sector to intensify collaborative and integrated working, consolidation, and shared support services** to accelerate the delivery of good outcomes for students, employers, and regional economies, as well as ways of securing institutional sustainability. We make recommendations

throughout this Review that should support sustainability, particularly the need for longer-term planning assumptions to provide clearer signals to enable institutions to adapt their business models.

- **We recommend the Scottish Government provides additional year-end flexibility to assist financial management in colleges and considers the benefits and risks of a different classification of colleges.**

- **The Scottish Government should work with SFC in responding to the recommendations for change relating to multi-college regions we set out in our Phase One Report.** We can advise government about developments since those recommendations were made in October.

- We recommend the **Scottish Government makes the case for SFC’s continued strategic oversight of replacement European funds from the UK Government that affect the delivery of programmes in colleges and universities.**

 FRAMEWORKS FOR THE FUTURE

- We will operationalise the Scottish Government’s strategic intent and the proposed National Impact Framework through four inter-linked and mutually reinforcing activities – investment; quality assurance; impact and accountability; and analytics and insight – across tertiary education, research and knowledge exchange, and our investment in related infrastructure.
- **We will work with the sector to revise our approach to Outcome Agreements**, to ensure our investment is providing the right mix of diverse education and skills provision; and **we will enhance data, analytics and evidence sharing** to secure public confidence in the sectors and enhance our collective ability to make good decisions and invest wisely for the future.
- The implementation of national bargaining in the college sector has heightened variations in investment patterns between regions. While our funding should be responsive to

particular circumstances and policy drivers, **we recommend the SFC convenes a working group, to include the Scottish Government and the college sector, to agree a plan to move towards a fairer model of distribution of teaching investment across the sector.**

- To support the development of integrated approaches to tertiary education, **we recommend that the Tertiary Provision Pathfinders explore the necessary conditions for a more integrated tertiary funding model between institutions** and that we pilot more integrated funding and target-setting with our two most integrated tertiary institutions, the University of the Highlands and Islands (UHI), and Scotland’s Rural College (SRUC).
- We will work with the sector to review the way we fund premiums as policy incentives and develop further our approach to performance-based funding. SFC currently provides “non-core” funding to a wide range of organisations, initiatives and programmes. There may be an opportunity to use some of these funds as transformation funding, to support institutional change and collaboration, strategic improvement and efficiencies, and to explore options for the future.

CONCLUSION: SYSTEM LEADERSHIP FOR THE FUTURE

- While this Review has articulated the dynamic uncertainties we are living with, the difficulty in predicting with precise specificity what we need from the tertiary and research system, and the complexity of sustaining and changing this system, we have made recommendations that build from existing strengths in a measured and evolutionary way and will improve the way the system functions.
- Every day dedicated staff, students, researchers and governing bodies solve problems and make improvements and adjustments. To develop the sort of coherent, responsive and sustainable system that Scotland needs for the future requires a different sort of adaptive, collaborative leadership. We should invest in the leadership that will make change happen. We will explore the establishment of a National Leadership Programme that would bring together colleges and universities to invest in adaptive leaders who will become the innovators we need to develop our system for the future.

- For SFC itself, if we are to fulfil the ambition expressed by participants in this Review and work collaboratively with partners on these recommendations, to be a key adviser to government and the strategic authority for tertiary education and research, the Scottish Government and the sector, together, need to invest in SFC and its capacity to be an agent of change that can hold in tension the often delicate dynamics of public policy, institutional autonomy, and pressured funding rounds.
- We have a truly world-leading tertiary education and research system. It will be increasingly challenged to deliver what Scotland needs. But we have solid foundations and a unique set of building blocks that should enable us to respond effectively and at pace, and set ambitious pathways to the future.

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