The Committee will meet at 2 pm in Committee Room 2, Committee Chambers.

1. **Scottish Solutions Inquiry:** The Committee will take evidence from-

   - Dr Chris Masters, Chairman, Scottish Higher Education Funding Council;
   - Roger McClure, Chief Executive, Scottish Funding Councils for Further and Higher Education;
   - Rowena Arshad, Board Member, Scottish Higher Education Funding Council and Director of the Centre for Education for Racial Equality, University of Edinburgh;
   - Rami Okasha, President, National Union of Students Scotland;
   - Melanie Ward, Depute President, National Union of Students Scotland;
   - Jane-Claire Judson, Public Affairs Officer, National Union of Students Scotland;
   - Will Garton, President, Edinburgh University Students' Association and Convenor, Collation of Higher Education Students in Scotland;
   - Derek MacLeod, President, University of St Andrews Students’ Association and Secretary, Collation of Higher Education Students in Scotland;

   on its Scottish Solutions inquiry.

2. **Scottish Solutions Inquiry:** The Committee will consider a proposal from the Convener for an evidence stock-taking session.

3. **Budget Process (in private):** The Committee will consider the selection of an adviser on the budget scrutiny process

   Judith Evans
   Clerk to the Committee (Acting)
   Room 2.7, Committee Chambers
   Ext. 0131 348 5207
The following meeting papers are enclosed:

**Agenda Item 1**
Submission from SHEFC  
EC/S2/03/05/1
Submission from NUS Scotland  
EC/S2/03/05/2
Submission from CHESS  
EC/S2/03/05/3

**Agenda Item 2**
Proposal for consideration of Scottish Solutions Inquiry evidence  
EC/S2/03/05/4

**Agenda Item 3**
Enterprise and Culture Committee Budget Adviser: Additional information (PRIVATE PAPER)  
EC/S2/03/05/5
Enterprise and Culture Committee

Meeting 23 September 2003

Scottish Solutions Inquiry:
 Submission from the Scottish Funding Council for Higher Education

The submission from the Scottish Funding Council for Higher Education is attached.

Judith Evans
Clerk (Acting)
EVIDENCE TO THE SCOTTISH PARLIAMENT ENTERPRISE & CULTURE COMMITTEE ‘SCOTTISH SOLUTIONS’ INQUIRY
Impact on higher education in Scotland of the recent English White Paper

1. The English White Paper ‘The Future of Higher Education’ aims to find the additional resources to enable universities “to meet the long-term challenge to maintain and improve high standards, expand and widen access, strengthen links with business, and compete globally.” It contains, among many, two proposals that could potentially have a significant impact on Scottish higher education institutions: the introduction of ‘top-up’ fees from 2006 and increased selectivity in the allocation of research funds. The latter has already begun to be implemented in the allocations for 2003-04 announced earlier this year by the Higher Education Funding Council for England (HEFCE).

2. The Scottish Executive has also reviewed higher education and recently published its report ‘A Framework for Higher Education in Scotland’ in February 2003. It has now begun a third phase of its review to consider in detail the effects of the English White Paper. SHEFC is playing a full part in this phase of the review which is expected to report back to Ministers in February 2004.

3. The Committee has asked whether the implementation of the proposals contained in, or resulting from, the English White Paper is likely to result in competitive disadvantage for Scottish universities and colleges. It is certainly the case that should all or most English HEIs be funded at a level per student significantly above that for Scottish HEIs, then Scottish HEIs would be at a competitive disadvantage. This in turn would mean doing less well in the competition for staff, students and research funding leading to an inevitable decline in performance relative to the rest of the UK and globally. It is also likely that, even if no significant funding gap actually opened up, any perception that such a gap might exist would be likely to cause competitive disadvantage, at least for a few years.

4. A major difficulty for this inquiry and the Scottish Executive review’s third phase is the uncertainty inherent in these White Paper proposals. While it is clear an adverse funding gap would seriously disadvantage Scotland, it is not at all clear what will be the net increased income to English HEIs per student, its nature, or how it will be distributed. In addition, it is very difficult to predict reliably how students will behave when confronted with differential costs of attending an HEI.

5. In view of this uncertainty, we have concentrated in this paper on setting out relevant facts and statements which can be made with confidence. We have kept speculation to a minimum, supported by evidence.

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Impact of English top-up fees on HEIs

6. We do not know:

- how many English HEIs will feel able to charge higher fees let alone at the maximum rate, and whether this will be across the board, or for certain high demand courses only;

- what impact the fee will have on their student recruitment and thus total fee income;

- what will be the enforced cost to HEIs of bursaries to support lower income students;

- what will be the impact of the access regulator;

- how the proposed grant scheme will affect student recruitment;

- how English intentions to expand participation will affect funding per student;

- whether the HEFCE core grant will be maintained in real terms; and, ultimately,

- what will be the change in recurrent funding per student for English HEIs.

All of these factors will impact differently on the wide range of HEIs in England. Consequently, it is likely that there will be a wide range of net changes in total recurrent income for individual institutions, with some being possibly worse off. It is probable, however, that the prestigious institutions will in any event achieve significantly higher net recurrent income, if top-up fees are introduced as proposed.

7. Where significantly higher net recurrent income per student is achieved, we do know:

- pay can be increased to attract and retain the better staff;

- more staff can be employed to improve the staff:student ratio;

- more can be invested in buildings and equipment to attract students and researchers; and

- more is available for consumables and support services.

English institutions in this position would put their current peers in Scotland at a considerable disadvantage.
8. Should such a gap in recurrent funding per student open up, its effects would accumulate fairly rapidly. That is, the better-off institutions would steadily improve their position, whereas disadvantaged institutions would go into a downward spiral, becoming less and less attractive to funders, staff and students alike.

Impact of further concentration of research funding in England

9. Further concentration of research funding has already been implemented by HEFCE in England. Its effects are likely to be similar to those described above for recurrent income for teaching:

- better pay and terms to attract the leading researchers;
- better facilities and equipment;
- more research assistants to support the work;
- more and better technical support; and
- more funding to support a greater volume of projects.

All in all, and combined with any benefits from top-up fees, the leading English universities will have a stronger platform from which to compete for project funding from the research councils, medical charities and other such funders. And, as with teaching funding, it is likely that the better-off will steadily attract more resources and the best researchers, while the less well funded institutions will just as steadily go into decline.

10. The concentration of research funding in England presents a particular difficulty for Scotland arising from the disparity in size between the two systems. Because the English system is relatively large, concentration of funding can achieve very large increases for a few elite institutions by shifting relatively modest amounts from others. This can not so easily be achieved in the relatively small Scottish system, so that the leading Scottish universities will quickly fall behind the leading English ones. If Scotland’s position in basic research is to be at least maintained – as is Scottish Executive and SHEFC policy – appropriate responses will have to be found and implemented.

Impacts on student choices

11. The factors that determine students’ choices of course and institution are many and complex. They include many subjective factors – such as parental influence and personal preferences – which cannot easily be analysed in any reliable way. They also include financial factors which are summarised in tables 1 and 2 below. These tables set out the main costs that students domiciled in different EU countries face as between studying in Scotland and in England. The tables apply only to
full-time students studying for an honours degree. The arrangements are different for other students and particularly part-time students for whom it is likely that proximity will be the predominating factor in their choice of institution.

12. Table 1 sets out a summary of the costs facing students under the current fee arrangements. It demonstrates how students face different types of costs depending on which country they are studying in and this tends to make the comparison of financial factors less clear cut. For example, the extent to which different students weight up-front tuition fees against differences in living costs and potential earnings foregone is extremely difficult to predict. On the face of it, table 1 suggests that the additional fee costs of studying in England may not be such a large factor when put in the context of total costs. This inference is supported by the trend in Scottish students studying in England which has been steadily increasing notwithstanding the introduction of tuition fees in England. (See annex 1)

Table 1 Scottish and non-UK EU domiciled students : relative costs of studying for an honours degree full-time in Scotland and England : current position

<table>
<thead>
<tr>
<th>Cost</th>
<th>Studying in Scotland</th>
<th>Studying in England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual fee</td>
<td>-</td>
<td>£1,125¹</td>
</tr>
<tr>
<td>Number of years’ living expenses</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Graduate payment</td>
<td>£2,000² (2001-02 prices)</td>
<td>-</td>
</tr>
<tr>
<td>Number of years’ potential loss of earnings</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

¹ means-tested

² some categories of students are exempted

13. Table 2 shows that, if the White Paper proposals are implemented, the elements of cost become more directly comparable between the two countries with the elimination of up-front fees and the introduction of a
graduate payment in England. Individual students will still make their own judgements about the weight to be attached to the graduate payments as against living costs and earnings foregone. As a consequence, it is well nigh impossible to judge whether Scottish and non-UK EU students will find studying in England more or less attractive under these proposals. Some may regard the removal of up-front payments as a positive incentive notwithstanding the larger graduate payment. Others, on the other hand, may focus on a direct comparison between the levels of graduate payment and thereby find England to be less attractive.

Table 2 Scottish and non-UK EU domiciled students: relative costs of studying for an honours degree full-time in Scotland and England: proposals

<table>
<thead>
<tr>
<th>Cost</th>
<th>Studying in Scotland</th>
<th>Studying in England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual fee</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of years’ living expenses</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Graduate payment</td>
<td>£2,000(^1) (2001-02 prices)</td>
<td>Up to £9,000(^2)</td>
</tr>
<tr>
<td>Number of years’ potential loss of earnings</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

\(^1\) Some categories of students are exempted.

\(^2\) depends on fees charged by individual HEIs and any corresponding bursary and grant arrangements; the first £1,125 to be means-tested.

14. The behaviour of students domiciled in England is no easier to fathom. Under the current arrangements, students domiciled in England who wish to study in Scotland face the same fee payments as if they were studying in England. In their fourth year of study in a Scottish institution their fees will be met by the state in line with the Quigley Committee recommendations. Therefore the only difference for them is the extra living costs and potential opportunity cost of an extra year's study in Scotland. The trend in the actual number of English domiciled students studying at Scottish institutions has shown a dip in 1999-2000, (see
annex 2). It is possible that the dip is due to students’ perceptions arising from the high-profile debate on fees in Scotland which was taking place at about this time. This possibility is supported by the fact that the trend in English domiciled students studying in Scotland has recovered a little. For the future, it is not clear whether or how the Scottish Executive would act to maintain parity in fee arrangements for English domiciled students studying in Scotland. If they did so, then it might be expected that the current balance of incentives would be maintained.

15. Finally, the position for non-UK EU students needs to be highlighted. The actual figures for these students studying in England show a declining trend from 1999-2000 whereas they have continued to rise in Scotland, (see annex 3) This suggests that, as a group, non-UK EU students are resistant to the introduction of up-front tuition fees. As a consequence, the elimination of such fees in England might make England more attractive again to these students. Much would depend on their perception of the graduate payment both in terms of scale as between England and Scotland and their expectation of actually making the payment at some time relatively far in their futures.

16. On the other hand, the perception of these students might be that ‘top-up fees’ will make England a significantly more expensive place to study in and that will make Scotland appear relatively more attractive. This may reinforce a separate change which is likely to lead to an increase in non-UK EU applications to study in Scotland, namely the enlargement of the European Union. Enlargement will embrace countries which have historic and cultural bonds with Scotland and this may in itself lead to an increase in applications to study in Scotland from these countries.

17. Overall, there will be both positive and negative incentives arising from the proposals that, if implemented, will shape students’ choices. No one can tell how different students will react to these incentives but it appears likely that, in any event, the Scottish system will receive more applications from non-UK EU students.

Conclusion

18. The potential within the White Paper proposals for English higher education institutions to secure a significant relative increase in funding per student presents those institutions with a competitive advantage over their Scottish counterparts. The level of funding per student is the key driver of quality rather than overall income. For some English institutions this additional fee income will be coupled with increased research funding that will reinforce their competitive advantage over comparable Scottish institutions.
Annex 1

Total headcount (full-time and part-time) Scottish domiciled students studying at English HEIs 1994-94 to 2001-02 Source: HESA

Annex 2

Full-time English, Welsh and Northern Irish domiciled students studying at Scottish HEIs 1994-95 to 2001-02 Source: HESA
Annex 3

Full-time non-UK EU domiciled undergraduates studying at Scottish HEIs 1994-95 to 2001-02
Source: HESA
The submission from NUS (Scotland) is attached.

Judith Evans
Clerk (Acting)
NUS Scotland Evidence to the
Scottish Solutions Inquiry
September 2003

Presented to the Enterprise & Culture
Committee of the Scottish Parliament
NUS Scotland

NUS Scotland is a federation of local student organisations in Scotland, comprising over 60 local campus student organisations that are affiliated to the National Union of Students of the United Kingdom (NUS). NUS Scotland is an autonomous, but integral, part of the National Union of Students. The students' associations in membership of NUS Scotland account for 76% of students in higher education in Scotland and over 90% of students in further education in Scotland.

Students' associations affiliated to NUS retain autonomy over all policy areas, and may choose to make individual students' association submissions based on local policy. NUS Scotland operates a democratic forum for policy and debate on national issues affecting students and NUS Scotland's role is to reflect the collective position.
Introduction

NUS Scotland would like to thank the Enterprise & Culture Committee for the invitation to submit evidence to the Scottish Solutions inquiry.

It is important to measure the impact in Scotland of the proposals contained within the Westminster white paper The Future of Higher Education, and to respond to them in order to safeguard Scottish higher education from any possible competitive disadvantage. NUS Scotland believes that Scottish higher education is of a high international standard. The sector has developed along the core values of accessibility, quality and fairness, with policies that are learner-focused. Regardless of the projected impact or otherwise of the English proposals, any changes in Scottish policy must not undermine these values.

NUS Scotland is delighted to note the Committee, in its call for evidence, has rejected the idea that top-up fees can be imposed in Scotland. NUS Scotland has argued consistently and vociferously against tuition fees, top-up fees, and in favour of maintenance grants, and urges the Committee, in its report, to reiterate its opposition to such charges.

Competitive advantage or disadvantage?

NUS Scotland believes that the competitive advantages and disadvantages that the white paper may bring must be considered in the context of the student, teaching, research and the core funding available to Scottish higher education.

NUS Scotland has identified at least six key areas where Scottish higher education may be adversely affected by the white paper:

1. That cross-border flows will be distorted.
2. That the EU & overseas student market will be negatively affected by the English proposals.
3. That the choices of Scottish students will be narrowed.
4. That there may be a funding gap – and that it could undermine Scottish higher education’s ability to compete effectively.
5. That Scottish higher education teachers will migrate to a better deal in England.
6. That Scottish higher education researchers will migrate to a better deal in England.

That cross-border flows will be distorted as an effect of tuition fees

‘Cross-border flow’ is a term that has been mentioned frequently in the context of the white paper. Some believe that this will have a minimum impact. NUS Scotland believes that the changes in cross-border flow that can be tracked from the introduction and subsequent abolition of upfront tuition fees demonstrate clearly that the impact of the white paper in this area is likely to be considerable. An analysis of applications data demonstrates that students routinely choose to study where it is cheapest for them to do so.
Scottish students wishing to study in England

UCAS figures show that over 2,000 Scottish students begin a course of higher education study in an English university each year. This number has fallen by 5% since the abolition of up-front tuition fees and re-introduction the grant in Scotland in 2001. It has been argued that a 5% decrease in take-up represents a relatively small number of students who have been affected. A more sophisticated analysis of the figures available shows that the reduction in applications – rather than take-up figures – paints a starker picture.

Between 1999-2003, UCAS figures show that the number of applications from Scottish students to English universities declined by over 20%. This is not just a reflection on a student support system that makes it difficult for young students to afford to move far from home. That a fifth fewer Scottish students even consider studying in England as an option any more demonstrates that opportunities in education are inexorably linked to student finance.

For example, in 1997, pre-fees, over 3,000 Scottish students studied in England. In 2002 that number was just over 2,000. Therefore, Scottish institutions have absorbed over a thousand students who have found themselves priced out of higher education south of the border. With the Scottish Executive’s intention not to expand places in higher education up until 2005-06, what will happen to those students who cannot access higher education in the mode, course or place that will most benefit them? If the white paper proposals are indeed implemented this will pose a real and growing problem for the Scottish Executive.

This fall in the numbers of Scottish applicants wishing to study in England is unfortunate from the perspective of cross border relations and for narrowing student choice. The diversity of student bodies, life experience, and most damagingly, the possible loss of students – who may want to study a course only offered at a university in England such as dance, ballet or choreography, or any number of engineering specialisms not offered in Scotland but have opted for a second or third choice for financial, not academic grounds – are all negative side effects.

Recommendation One: NUS Scotland invites the Committee to note that the huge difference in debt burden can only dissuade Scots from studying south of the border. Only those with considerable private income will be able to go to England to study, making cross border study at any university in England the preserve of the most privileged.

Furthermore, the white paper does not address the method by which Scottish students studying in England will pay fees. While we anticipate that Scottish students will be liable for the same fees as English students attending the same university, it is not clear whether these will be up-front or deferred, and indeed whether the Student Awards Agency for Scotland will need to adopt an entirely new system to cater for Scottish students studying in England. This is yet another example of the failure of the white paper proposals to take devolution into account.

English students in Scotland

There have been concerns that English students may opt for cheaper courses in Scotland, over more expensive institutions in England. It is not yet clear what kind of effect increased fees might have on the numbers considering study in Scotland, though it is likely that some of Scotland’s universities may receive increasing numbers of applications from students in England.
In recent years, the net result of cross-border flows is about +16,500 for Scotland, substantially greater than the +12,600 figure which applied in 1993-94 when funding was transferred to the Scottish block.\(^1\) However, numbers of English students studying at Scottish universities have decreased slightly in recent years, which NUS Scotland attributes to the fact that English students in Scotland will have to pay both tuition costs (for three out of four years) in addition to maintenance costs.

\(^1\) SPICe briefing Funding Higher Education in England and Scotland 03/67
Recommendation Two: NUS Scotland invites the Committee to note that were a scenario to arise whereby English students could study in a Scottish university and thus not pay top-up fees – thereby incurring up to £9,000 less of debt – it is likely that an increasing number of English students would apply to do so.

NUS Scotland is clear that the idea of allowing Scottish universities to charge top-up fees for English students studying in Scotland is fraught with complications, and a route which the Committee must reject. For example, if Scottish universities were allowed to keep funding from English students, it is likely that we would see increased recruitment by Scottish universities in England, resulting in even fewer places for Scottish students. NUS Scotland hopes the Committee will not recommend an outcome which would have such consequences.

There is a general paucity of clarity in the white paper, specifically as to what English students studying in Scotland will pay, and by what method. This could pose questions for what processes will need to be developed and how Scottish agencies will deal with English students studying in Scotland.

That the EU & Overseas student market will be negatively affected by the English proposals

When up-front fees were first introduced, and subsequently abolished in Scotland, discussions took place over the possible impact on EU student numbers\(^2\). In 1997, just under 14,000 EU students studied at English institutions. This number has now fallen year on year to 9,000. This is of grave concern. One of the strengths of higher education is the diversity of the student, academic and research cohort.

In Scotland, the figures are very different. In 1997, 1,286 EU students studied at Scottish institutions. This number rose in 1998 to over 1,500, and it then dipped to 1,284 in 2000\(^3\). This number has now risen year on year to 1,548 in 2002. NUS Scotland would draw from this that EU students find Scottish institutions more attractive and a better financial deal than those in England. We believe that these numbers will continue to rise, particularly if the white paper proposals are implemented.

NUS Scotland believes that the student body should be one that is diverse and inclusive. Scotland celebrates its links with EU countries and should continue to welcome EU and overseas students to its universities. However, the fact that Scotland does have good and strong links with many EU countries, in particular the new accession countries, means that significant increases of EU students wishing to come to Scotland could increase the competition for places at Scottish universities.

Recommendation Three: NUS Scotland invites the Committee to share the belief that it is reasonable to hold that an undergraduate from anywhere in the enlarged EU who wishes to study in the UK will seek to do so, in so far as possible, in a part of the UK which will incur him or her thousands of pounds less of debt.

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\(^2\) European regulations state that no EU student can be discriminated against by another member nation. This means that EU students do not have to pay fees in Scotland but do have to pay fees in England.

\(^3\) This may be down to the change in funding system taking time to bed down
It appears that overseas student numbers are currently stable, however, how that is affected by the white paper remains to be seen.

That the choices of Scottish students will be narrowed

The Scottish Executive has set the number of student places and there is to be no expansion in Scottish higher education for the foreseeable future. This means that if applications to Scottish institutions rise, there will be no equivalent expansion of places. Therefore, competition will be increased and the squeeze on places more pronounced. NUS Scotland recognises that this can have advantages – it is positive that more people want to enter higher education and that people are recognising that higher education is indeed for them and that they have the confidence to apply and benefit from it. However, if the market is overheated as a result of what we would see as negative reasons, and that unfair and discriminatory policies in other parts of the UK are artificially increasing demand for places in Scotland, then this will be disastrous for potential Scottish students. It will mean that the pressure on the places available is increased, competition is fiercer, and that many students who could benefit from higher education are effectively sidelined and excluded due to policy decisions taken in England.

The consequence of this for the widening access agenda is also bleak. If there are increased applications to Scottish universities, it may be that it is the students from schools with low participation rates – in many cases there are the same schools who tend to have lower overall achievement rates in school-leaving examinations – find it even harder to get a place.

NUS Scotland believes that the white paper will narrow student choice and holds that this must be prevented at all costs. The Scottish Executive has placed student choice and accessibility at the heart of their policies. Ensuring that students can access the learning that is appropriate to them has been a strong focus of policy since devolution. Scotland is rightly proud of a higher education system that strives to serve all those who can benefit from it. The narrowing of access to education can take many forms. It can be affected through financial situation, social background, previous learning experiences, mode of study and many others. Top-up fees will result in a narrowing of access through preventing Scots from studying south of the border, an increase in student applications from English students unable to pay top-up fees, and an artificial increase in demand for places at Scottish institutions in general.

 Recommendation Four: NUS Scotland invites the Committee to note our concern that many potential Scottish students will be unable to get a place in Scotland, and unable to afford one in England.

That there may be a funding gap – and that it could undermine Scottish higher education’s ability to compete effectively

SPICe briefing 03/67 Funding Higher Education in Scotland and England states that spending through the Scottish block will increase by 8.1% from 2003-04 to 2005-06, but that HE will represent a declining share of the total Scottish budget, decreasing from 4.76% to 4.55%. It is expected that student numbers will remain stable until 2005-06 at least. This demonstrates that while the Westminster proposals set challenges in terms of a possible funding gap appearing, the political decision by the Scottish Executive to decrease the share of Scottish higher education funding against the increase overall in the Scottish budget gives the sector two fronts upon which to fight a possible increasing funding gap. The decrease in funding from the Scottish Executive is not as a
result of Barnett formula consequentials. The decrease is the result of a budget priority decision taken by the Scottish Executive.

The Secretary of State for Education announced that the funding for English higher education would increase by 19% in real terms in contrast with a 7% increase in Scotland over the same period. This figure implies a funding gap of at least 12%. However, the 19% figure includes funding delivered on a UK basis that will flow through into Scotland. It also includes monies going to higher education being delivered in the further education sector – this figure is not included in the Scottish increase. NUS Scotland urges the Committee to seek a breakdown of the 12% funding gap figure – what percentage is money that is not counted within Scottish higher education budget figures, and what percentage is UK money that Scotland will be able to compete for or receive a share in. This would give a clearer indication of the funding gap Scotland is actually facing and allow for policy decisions to be based on figures that represent the true picture.

Professor Midwinter, in his evidence to the Committee, stated that the growth in Scottish higher education funding projected for 2005-06 is 14.9%. This, he says, is in contrast to a total growth in education of 25.4% and in the Scottish budget as a whole by 23.8% for the same period. NUS Scotland believes that the growth in higher education funding has not matched the growth of the Scottish budget, however, NUS Scotland is also aware that there are various sets of figures available that, while showing the same general outcome, are all slightly different. We would like clarification on which figures include higher education delivered in further education, and which figures include UK funding streams. This would provide a definitive set of figures provided for the deliberation of the Committee, and others.

However, much of the discussion during the inquiry, and in other fora, has rested on the assumption that top-up fees in England will genuinely represent new money for institutions. NUS Scotland hopes that the Committee will understand its reluctance to be reassured that this will be the case. Not only did the current UK Government’s manifesto expressly reject the idea of top-up fees, but prior to the introduction of tuition fees in 1998, the Government promised there would be new money for universities, and promptly reduced core funding to universities by an equivalent figure. NUS Scotland is not persuaded that top-up fees are anything other that a method of transferring the cost from the state onto the student. NUS Scotland urges the Committee to address the issue of whether top-up fees actually do represent real money, or if this is yet another method of transferring the cost of higher education to the student while failing to address the crisis facing English higher education.

**Recommendation Five: NUS Scotland invites the Committee to note that any deviance from current funding models in England must be monitored to see how the sectors in Scotland and England relate.**

**That Scottish higher education teachers will migrate to a better deal in England**

In their report, the Education and Skills Committee commented that: ‘the most remarkable element of the Government’s funding settlement for higher education is the absence of any substantial overall improvement in academic and other salaries.’

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4 Professor Midwinter, paper to Enterprise & Culture Committee 2003, page 5 paragraph 17
The first thing to note when measuring the possible migration of teachers from Scotland to England is that the white paper, as the Education and Skills Committee rightly point out, delivers little, or no, extra money to increase academic salaries. In fact, as Dr Knight of UCE and Professor Eastwood of UEA told the committee, in their view the real terms increase for teaching over the three years of the spending settlement was effectively zero.\(^5\) AUT Scotland has submitted evidence explaining the UK pay bargaining system and NUS Scotland will therefore not include details on it here.

NUS Scotland believes that the success and quality of higher education relies upon those who teach the doctors, nurses, teachers, lawyers, public sector workers and scientists of tomorrow. High quality teaching must be recognised and be paid for adequately and fairly. Students take teaching excellence into account more and more in choosing a course. In weighing up the best course and route for them, staff-student ratios and the standard of teaching they can expect will be crucial to making what will be one of the biggest financial investments they will expect to make in their lifetime.

\(^5\) Page 28 Education & Skills Committee Response to the white paper
Recommendation Six: NUS Scotland invites the Committee to note that teaching in higher education also needs to be seen as an attractive career. This is particularly important because students will choose careers more often nowadays on the salary that they will provide, the money that they can earn to pay off debt accrued while a student.

That Scottish higher education researchers will migrate to a better deal in England

Many in the higher education sector are concerned over increases in funding in England undermining research in Scotland.

There are fears that researchers, and perhaps whole research teams, will be poached by English universities, that their facilities will be better and more advanced, that they will be better at winning research funding, that Scotland will find itself ignored in favour of English institutions. NUS Scotland would urge Scottish higher education to address these fears rationally.

Scotland is more successful than the rest of the UK when it comes to research. Scotland won per head of population £54 of competitive research funding in 2001 compared to £36 in England, £27 in Wales and £22 in Northern Ireland. In the 2001 RAE, Scotland overtook the rest of the UK in average research quality and with 8.6% share of the UK population, Scotland secured an average 12% of UK research council funding, 14% of European Union research budgets and 35% of UK royalties income for intellectual property. Scottish-based researchers know they are working in a high quality research sector.

Researchers go into research for various reasons. They want to be at the cutting edge of their discipline, to contribute to new and groundbreaking knowledge, to have recognised the excellence in their departments and institutions. In contributing millions to the economy, creating jobs and passing on knowledge to our students, researchers are an integral part of higher education, society and the economy. Researchers should be paid properly, and NUS Scotland believes that this needs to be addressed, but the monies going into research in England are unlikely to be used to raise researchers salaries or increase the quality of facilities to such a level that Scots will immediately down tools and migrate. NUS Scotland would like to see the percentage of this projected increase in research funding south of the border that will in fact stream through UK funding channels. Also, NUS Scotland is interested to note that 84% of funding from the Research Councils and 74% of RAE funding goes to the top 25 institutions and that the 6th system will further concentrate this money on the top of those 25 institutions. It is worth noting that 'since the announcement of the HEFCE research allocation for this year, there have been suggestions that the chemistry departments at King’s College London and at the University of Kent may close'. This is a direct result of concentration of funding towards grade 5 and above at the detriment of grade 4 and below. This would suggest that while three or four institutions will receive extra monies, the majority will still suffer from the same, or worse, funding problems as before.

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6 Universities Scotland. What is Higher Education? 2001
7 Page 11 & Page 16 Education & Skills Committee Response to the white paper
8 Page 17 Education & Skills Committee Response to the white paper
Recommendation Seven: NUS Scotland invites the Committee to note that the institutions that will receive the bulk of this extra money will be those that already have international reputations and first class facilities, and that the incentives for researchers to move are already in existence at those institutions.

NUS Scotland also notes that many researchers are members of teams that attract European funding. These teams can move anytime they want now and the option to move is open to them already. NUS Scotland believes that researchers do not want to be polarised and do not want to move from a strong and successful sector, one that is, in many ways, more successful than England.

Conclusion

The issues of cross border flows must be addressed. The narrowing of student choice and educational decisions based on ability to pay rather than ability to benefit are not issues that can be brushed aside. The apparent deprioritisation of higher education by the Scottish Executive in budget allocations should be questioned and answers sought from the Scottish Executive. The narrowing of student choice in Scotland as a result of the English proposals must be tackled. The need for extra funding to enable institutions to deliver a fair pay deal for teachers, to support students through better library, computer and support services, to comply with the DDA and RRA, to deliver better hardship and access funds, support widening access and to pay researchers appropriately should be given priority. The hardship that students still face, even with the recognition that the funding settlement for Scottish students is better than that of England, should be addressed. If anything, we have the white paper to thank for throwing into sharp relief the very pertinent issues currently facing Scottish higher education.

It is clear that the consequences of white paper in Scotland will be profound and challenging. Scottish higher education will have to adapt to the effects of the white paper.

Of course, if the white paper is not passed, or is amended appropriately, then some of the problems that the sector will face in the coming years may be averted. NUS Scotland has been, and will be, campaigning alongside NUS UK against many sections of white paper at Westminster.9

Recommendation Eight: NUS Scotland urges the Committee to take a strong public stance against the introduction of top-up fees.

Policy must be developed with what is best for Scottish higher education in mind, rather than developed with the sole purpose of aligning with the English higher education sector. Policy developed without the core values of Scottish higher education would distort what is a successful and high quality sector. This would not be in the best interests of Scottish students, Scottish colleges, Scottish universities, the Scottish Economy, or, ultimately, the Scottish people.

Submitted by and on behalf of the Scottish Executive Committee
September 2003

9 Please see www.stopfeesnow.com for further details
ANNEX 1

The following charts are based on UCAS statistics.

**EU students studying in England**

**EU students studying in Scotland**

**English students at English institutions**
The following charts are based on UCAS statistics.

EU students studying in England

EU students studying in Scotland

English students at English institutions
Scottish students at English institutions

Scottish students at Scottish institutions

English students at Scottish institutions
Enterprise and Culture Committee

Meeting 23 September 2003

Scottish Solutions Inquiry:
Submission from CHESS

The submission from the Coalition of Higher Education Students in Scotland is attached.

Judith Evans
Clerk (Acting)
coalition of higher education students in scotland

Submission to the Enterprise and Culture Committee’s inquiry
‘Scottish Solutions’, from the Coalition of Higher Education Students in Scotland (CHESS)

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Submission to the Enterprise and Culture Committee’s inquiry ‘Scottish Solutions’, from the Coalition of Higher Education Students in Scotland (CHESS)

Introduction

The Coalition of Higher Education Students in Scotland welcomes the opportunity to make representations to the Enterprise and Culture Committee's inquiry ‘Scottish Solutions’. We would like to thank the committee for giving us the opportunity of providing evidence. The questions that have been asked in the call for evidence are incredibly complex, and fraught with unknown variables. Assessing the consequences of something that has not yet happened is difficult.

However we would like to start by welcoming the decision by all political parties in Scotland to reject top up fees. The consequences of the English White Paper may well cause problems for Scottish universities. However in not going down the same route as Westminster, the Scottish Parliament is doing a service to Scotland as a whole.

When writing this submission, attempts have been made to refer to and draw upon some of the evidence that the Enterprise and Culture committee has already heard. We do not intend to replicate evidence, but develop and respond to what has gone before.

Scottish Universities Face a Significant Funding Problem

CHESS believes that Scottish universities and Scottish students will be at a significant disadvantage if the proposals in the White Paper are realised. It is concerning that the Executive is reported to believe that Scotland is not facing a funding crisis in comparison to England. Recent statements from the Executive that spending per head is 20% higher in Scotland than it is in England are equally concerning. This statistic has been challenged by a number of stakeholders in HE including Universities Scotland, who state that such claims are “not based on any published calculations”. They go on to prove that “there is no solid justifications for these claims at all”, in fact calculations for Universities Scotland from an independent consultant clearly illustrate that “funding for HE teaching is Scotland is approximately 3.6% higher than in England”. This evidence is in clear contrast to Lewis McDonald’s recent statement that “The differential at the moment is very substantial between the spend per head at universities in Scotland and the spend per head in universities south of the border”. Parliament should be in

no doubt at all over the clear break down of facts on this highly important matter. If agreement cannot be reached over the figures, then an independent third party must be consulted once again to clarify the mass of evidence.

Any slight advantage that Scottish universities have at the moment will quickly be turned around though. The evidence of a funding shortfall in the near future is quite clear. By 2005/6 England will have a 19% gain in real terms, while Scotland will receive a 7% gain.\(^5\) Thus in direct response to the committee’s first question, the White Paper will result in a serious competitive disadvantage for Scottish universities.

CHESS firmly believes that the Scottish Executive should increase its budget for HE so that spending is at least at the average level of the Organisation for Economic Co-operation and Development, so that students may make their contribution to the ‘Knowledge Economy’.

**Cross border flows**

We share the concerns of Dr Andrew Cubie who, in giving evidence to the inquiry, said that there will be some migration of students to Scotland and some migration of talented staff and academics out of Scotland.\(^6\) Since the introduction of tuition fees, and the subsequent decision of the Scottish Executive to pay the fees of Scottish domiciled students, there has been a decline in applications from the rest of the UK to Scottish HEIs.\(^7\) This is partly because English students studying at Scottish institutions are still paying tuition fees, and have been put off by the idea of paying for an extra year of tuition. Although few ‘concrete’ conclusions are possible in predicting the impact of top up fees on student numbers, this evidence indicates that a percentage of students from the rest of the UK will move to avoid payment of fees. Thus it would seem logical to conclude that as top up fees will only be paid in English institutions, a number of students will come to Scotland from the rest of the UK to avoid top up fees. This is assuming that the Executive does not introduce any extra charges to those coming to study in Scotland. However contrary to much media opinion CHESS feels that it is unlikely that there will be such a rise of applications that Scottish universities will be ‘swamped’. Some consideration of how to deal with a small increase in applications may need to be considered by the committee.

A more significant issue for students is the possibility of Scottish academics being attracted to England. CHESS fears the effects on quality provision and shares the concerns of Universities Scotland that “there is a very real risk that the genuine stars of research... will be attracted to English universities by the

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\(^5\) Cubie, Andrew, oral evidence to the Enterprise and Culture Committee, September 2003.
\(^6\) Cubie, Andrew, written evidence to the Enterprise and Culture Committee, September 2003.
superior and more up-to-date facilities and resources. A decrease in post
graduate students studying in Scotland will of course have a negative impact
on students, as the next generation of teachers would be reduced, and quality
affected.

Alumni

One alternative source of funding that has been considered by the committee
is alumni. Whilst alumni may provide a good source of revenue for a number
of HEIs, it should not be seen as a long-term sustainable solution. If
universities can benefit students through raising extra capital then HE as a
whole will benefit. However this source of revenue cannot be seen as a
strategic part of funding. Not least because it cannot be relied upon as it is
overly dependent on the economic climate, and may well benefit some
institutions more than others, to the detriment of equity. Furthermore it
removes some of the responsibility of the state to the private sector, and
compromises the ability of universities and the Executive to direct funding in a
strategic manner.

Business and Universities

CHESS hopes that donations from business to universities can be increased,
and we recognise that business can help reduce the skill shortages of society.
However we share the concern that Professor Midwinter highlighted to the
committee that "most corporate funding comes with strings attached; people
want something in return for providing universities with money". Again this
does not seem to be a particularly sustainable or equitable way to fund HE.
Whilst any increase in donations is to be welcomed, universities and the
Executive should be sure that their hands are not being tied by those
donations, nor should they become dependent on them.

Graduate Endowment

Primarily CHESS believes that a graduate endowment should not be
necessary in a well-funded, progressively taxed Scottish society. The top rate
of income tax is the only just and equitable way for those who benefit most
from HE to contribute towards maintaining it. This argument is underlined by
the fact that over 50% of students in Scotland are now going into Higher
Education. HE can no longer be seen as a minority luxury, but a mainstream
activity that should be funded as such.

Nevertheless we recognise that the above relates to issues outside of the
remit of this inquiry, not least the terms of the Scotland Act. CHESS does not
support the need for extra funding in HE to be passed on to students, as this
would significantly damage attempts to widen participation. Any review into
the role of the graduate endowment should only take place if the threshold at

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8 Universities Scotland, written evidence to the Enterprise and Culture Committee, September
2003.
9 Professor Arthur Midwinter, University of Strathclyde, oral evidence to the Enterprise and
Culture Committee, September 2003.
which it is repaid is raised to at least £25,000, in line with the Cubie report. As
the figure has recently been raised to £15,000 at Westminster we understand
that a further raise in the near future is unlikely. Despite the need for extra
funding for HE, the burden cannot be passed on to students. At present, the
total young student support package (the amount students are supposed to
live on) whether made from parental contributions, government grants, loans,
or a mixture is £4,520. This is outlined in the Executive’s student support
leaflet\textsuperscript{10}. The average rent for student accommodation of around £55 a week
in Glasgow or Edinburgh totals at least £2860 a year, leaving £1,160 or £32 a
week for a student to live off\textsuperscript{11}. Whether students pay at university, or straight
after they leave, the cycle of debt cannot be allowed to continue, not least
because it will compromise the Executive’s aims to widen participation.

Public Purse

Fundamentally we support the principle that Higher Education should be paid
for from the public purse, and that in order to serve the commitments the
Scottish Executive has made to access and improving Higher Education
funding, general taxation is the most logical, equitable and sustainable
solution. Professor Midwinter has already highlighted to the committee the
political choices that have been made in regard to HE funding.\textsuperscript{12} We
recognise that these are extremely difficult choices that have not been taken
lightly. However if the Enterprise and Culture Committee wants Scottish
universities to remain competitive then it has to recommend that HE is given
greater priority in funding allocation. We are seriously concerned that by the
fact that the Scottish Executive budget is set to increase by more than 23%
over the spending period 2002/3 - 2005/6, but the increase to HEIs from
SHEFC is forecast to rise by less than 15%.\textsuperscript{13}

Conclusion

CHESS is clear that funding in Scottish universities must increase to a level
comparable to the extra funds being provided to English universities. We are
equally clear that the burden for this cannot be passed on to students, but
must come from the public purse, either through taxation, or re-evaluating
spending priorities.

Will Garton, for CHESS
September 2003

\textsuperscript{10} The Scottish Executive, 'What Support is Available to Young Scottish Students in HE in
\textsuperscript{11} Research undertaken by Olivia Drennan, University of Strathclyde Students’ Association,
September 2003.
\textsuperscript{12} ‘HE’s declining share of the Scottish Budget is the result of political choice, not the
mechanistic operation of the Barnett formula’. Professor Arthur Midwinter, University of
Strathclyde, written evidence to the Enterprise and Culture Committee, September 2003.
\textsuperscript{13} Universities Scotland, written evidence to Enterprise and Culture Committee, September
2003.
Members have indicated that they would welcome an opportunity to take stock of the evidence received to date during the Committee’s Scottish Solutions Inquiry.

The Minister for Enterprise and Lifelong Learning will be giving evidence on the budget on 7 October and due to other commitments, will arrive to give evidence at 4pm. I am therefore proposing that the meeting begin at 3pm, and that we take this opportunity to review the evidence and highlight areas for further consideration. This will also assist us in identifying additional witnesses to give oral evidence later in the inquiry. The 7 October Committee meeting will be the last one before the autumn recess, and this will give the clerks an opportunity to contact witnesses and arrange evidence sessions, as well as providing a natural break in the inquiry.

I am proposing that the clerks prepare a short discussion paper for this item. In view of the fact that our discussions will relate to the conclusions and potentially the recommendations contained in the final report, I am proposing that the item be taken in private.

Recommendation

The Committee is invited to agree to:

- include an item on consideration of evidence to date on the agenda for the meeting of 7 October 2003;
- authorise the clerks to prepare a discussion paper for this item; and
- take the item in private.

Alasdair Morgan
Convener