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Graduate Endowment Abolition (Scotland) Bill

The proposed allocations to higher education in the spending review presented to the Scottish Parliament on 14 November and the bill to abolish the graduate endowment bring to the fore the question of investment in our universities. Scotland’s national academy, The Royal Society of Edinburgh, wishes to contribute to this wider debate on higher education funding in Scotland. The following paper has been prepared by a group of senior Fellows from business, research and academia, led by the General Secretary, Professor Geoffrey Boulton, and to which further Fellows have made contributions.

Universities are now regarded by governments worldwide as vital sources of new knowledge and innovative thinking, as providers of skilled personnel and credible credentials, as contributors to innovation, as attractors of international talent and business investment into a region, as agents of social justice and mobility, and as contributors to social and cultural vitality.

The Scottish Government’s five strategic objectives and its new economic strategy and targets will not be achieved without a strong higher education sector. The work of universities in teaching and research, coupled with their increasingly effective knowledge transfer activities are a key component of building a knowledge economy.

In this context, Scotland has much to be proud of in its universities. They are one of its few internationally competitive strengths. Although their core funding for research has not been large by international standards, they produce the highest rate of international research paper citations per head of population of any country in the world. The technical excellence that they represent is a major attractor for research-intensive inward investment and has led to the creation of an increasing number of spin-out and start-up companies and the attraction of much international talent to Scotland.

They educate for many of the high-level specific skills needed by our society: the doctors, engineers, nurses, scientists, teachers, accountants, lawyers, ministers, businessmen, social scientists, and those trained in the arts and humanities; producing a strong annual flux of skilled graduates into society that continually refreshes Scotland's technical excellence and its economic, social and cultural vitality. They are working together with the further education sector to provide the skills continuum that society needs. They are a crucial part of the process that provides key underpinning for much other highly prized public provision: the National Health Service, the education system, environmental protection and conservation and many others, and, crucially, the economy, which is a bedrock for the quality of life in Scotland.

Their students are taught to seek the true meaning of things: to distinguish between the true and the merely seemingly true, to verify for themselves what is stable in that very unstable compound that often passes for knowledge. These are the qualities which every society needs in its citizens. They are the essence of the “democratic intellect” so rightly prized in Scotland.

What must be understood is that our universities and colleges exist in a competitive global environment. It is no longer a matter of achieving some absolute or fixed standard, which will permit us to relax when attained. We must keep abreast, and preferably ahead, of the moving target of international excellence if our universities are to remain the vital national assets that they now are.

Research and education that are excellent by international standards are vital if Scotland is to attract the mobile investment that seeks out the best research and researchers wherever they are to be found. The setting must be one that inspires creativity, that is a magnet for the best indigenous and international talents and is sufficiently well-funded to permit the most challenging problems to be addressed. Such an environment is also an attractor for research-intensive business, for capital, and an ideal setting for innovation and the creation of spin-out and start-up companies. The competition however is intensifying. The phase in which European and other mature economies have had a competitive advantage in offering high value, knowledge-based
goods and services is passing, as countries such as China and India increasingly deliver high skills at low cost.

The Universities, supported by the Funding Council have not sat on their laurels in the face of this competition. The “pooling” initiative is a radical and novel experiment, which has created networks of the best researchers from the Scottish universities in important disciplinary areas. It has provided a framework for integrated schools in the vital area of graduate education. It has simplified the academic landscape so that the strategic priorities of Scottish universities are clearer to research funders, made it easier for business to identify research that may be relevant to its needs, and, critically, proved to be a powerful attractor for international academic talent into Scotland. These perceptions of a powerful and forward-looking university system are also important to our capacity to attract both home, European and full-fee international students.

It is in this context that the proposed budgetary settlement for the universities is a severe blow. It reverses the trajectory of development that has made such an impression internationally and could inhibit the universities' capacities to capitalise on these latter gains. It would undo much good if the impression of a system under threat were created internationally. There has already been such a response in some quarters.

It is also unfortunate that the proposed settlement coincides with the advent of top-up tuition fees in England, and could realise the outcome that pooling was designed to avoid: the loss of the best researchers and groups from Scotland to better funded English institutions. We must do all we can to avoid the emergence of a two-tier system in the UK, with the lower tier being north of the border.

A greater private contribution to higher education is also being advocated more widely in Europe. It recognises the private good represented by higher education, and that the absence of a private contribution represents a public subsidy to the better-off. Whilst this Society strongly supports measures that encourage students from disadvantaged communities to go to university, the relief proposed in the graduate endowment abolition bill is undiscriminating. A more targeted approach would be preferable, for example, a graduate tax supplemented by means-tested grants for disadvantaged applicants.

It has been suggested that the necessary increases in funding could come from an increased overseas student intake, from the creation of overseas campuses or greater investment by business. In an increasingly crowded international marketplace, it is extremely unlikely that the first two could be adequate, particularly if the sustainability of Scottish university excellence were in doubt, whilst business, though often a valuable partner to universities, has nowhere, ever, been a means of underpinning the core operation of a university system.

Although universities in Scotland have diversified their sources of funding in recent years, with considerable increases in flexible funds from areas such as international student recruitment, Government still provides the major part of the flexible, core funding that permits universities to act creatively and decisively in response to major opportunities in ways that bring great value to Scotland. We recognise the difficulties of budgeting in a setting where there are many demands on the public purse, but regard Scotland’s universities, and the educational system at large, to be such vital investments in Scotland’s future that the difficult decisions required to maintain its excellence must be taken.