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OF ABERDEEN

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*Handwritten signature*

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Merger of the Funding Councils' Team  
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Dear Sir

**Consultation on the Merger of the Scottish Further Education Funding Council and the Scottish Higher Education Funding Council**

1. INTRODUCTION

I write in response to the invitation by the Scottish Executive, issued in April 2004, to comment on the Consultation Paper on the Merger of the Scottish Further and Higher Education Funding Councils, together with the draft legislation. My comments are submitted on behalf of the University of Aberdeen after discussion by and with the approval of the University Senate and Court. We very much welcome the opportunity provided by the Executive to have input to the consultation process.

2. MERGER

The intention to merge the two Funding Councils has been flagged for a number of years and we strongly support the opportunities this will give for ensuring a holistic and co-ordinated approach to the future development of further and higher education in Scotland. It should facilitate greater collaboration between FE and HE and is wholly consistent with our own strategic objective to be the hub of a network of FE and HE provision within the North East of Scotland. Additionally there are many points within both the Consultation Paper and the draft legislation which are a sensible simplification of structures and rationalisation of processes. Most specifically, we very much welcome the Executive's decision to establish a statutory duty to secure Higher Education and research, which does not presently exist.

However, we do feel that as there is no clear policy for higher education nor vision of what HE institutions can do for Scotland and the UK at large, an opportunity has been missed. There are also a number of issues which cause us serious concern – many of which relate to the fundamental relationship between the state and autonomous Higher Education Institutions. We note from the Paper that in many areas the intention is "business as usual" but we fear that the terms of the draft legislation could lead to different and potentially dangerous interpretations in the future.



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### 3. MINISTERIAL POWERS

The core of our anxiety relates to Section 1 of the draft Bill which appears, as currently framed, to give Scottish Ministers virtually unlimited powers in relation to higher education – a radical change from the current position. We note that these powers are derived from those which exist in the Higher and Further Education (Scotland) Act but which, in that Act, are applicable only to Further Education. A high proportion of our concerns about individual provisions within the draft Bill stem ultimately from these new powers which are aggravated by the fact that while they are on the face of it largely unfettered, other powers in the draft Bill are explicitly restricted, such as those in Sections 4(12) and 4(13). The normal inference from this would be that the general powers under Section 1 are not subject to limitations. We believe that it is unnecessary and certainly undesirable that the traditional arms-length relationship between Government and universities should be changed. Furthermore, given the national and international roles of the Scottish universities, we see no reason why the position in Scotland should differ from that which obtains elsewhere in the UK.

### 4. POWERS OF THE NEW COUNCIL

This change in relationship is further exemplified by a proposal that the new Funding Council shall propose allocations based on ministerial guidance **for agreement by Scottish Ministers**. This would be both a restriction on the current freedoms enjoyed by SHEFC and a significant extension of ministerial powers. It would erode the traditional role of the HE Funding Councils to act as buffers between the state and autonomous institutions.

### 5. TERMINOLOGY

We believe that the missions of Higher Education and Further Education Institutions are fundamentally different in character. Not only do universities have a research mission, their approach to learning and teaching is inquiry-based. Degree level study in universities is delivered by research-active staff and is a markedly different experience from study for a non-degree qualification. Furthermore Scottish universities have a high international reputation, based on excellence in both teaching and research. This enables them to attract large numbers of overseas students who bring academic, social and financial benefits to Scotland at large. (At Aberdeen around 10% of our population is international and in fees alone overseas students contribute around £9.5M per annum to University funds and thereby to the Scottish economy). The reputation of Scottish Universities is exceptionally strong internationally and nothing should be done which might diminish this. Thus we would oppose any move to create a new unified sector of **tertiary** education which does not clearly distinguish between the roles of the different types of institutions – not least in the funding arrangements which underpin them. To that end we believe that the accepted designations of *Further Education and Higher Education* should be retained within the legislation.

### 6. FUNDING

Scotland's universities are naturally concerned about funding – not least in the context of the changes in arrangements south of the border, which will create significantly better resourced universities there. Any move which might further diminish universities' funding as a consequence of merger of the Councils would be an additional blow. The draft Bill itself does not deal directly with funding methodologies but the Consultation Paper and comments by officials do appear to imply a move to a single funding formula with a likely future reduction in the funding of universities for learning and teaching. Quite simply Scotland cannot afford a higher education sector which is less well funded than its immediate competitors in the rest of the UK and internationally. This would undermine the Executive's own strategies for a *Smart Successful Scotland*.

## 7. CENTRAL PLANNING AND CONTROL

The sense of both the Consultation Paper and of the draft Bill is towards greater central planning and control. The planning powers, both of Ministers and of the merged funding body, appear to be somewhat increased. However, the history of central planning is not a happy one. Within higher education, even in Scotland, the apparently straightforward planning of teacher education numbers has been erratic to say the least. There is no evidence to indicate that increased central planning would be anything other than damaging in an increasingly competitive global environment. Indeed, all the evidence points to the fact that planning has been most effective at institutional level where the freedom exists to determine the range of educational provision which is offered in the light of market conditions and with a gentle steer, where appropriate, from the Funding Council. Scottish universities have consistently delivered the Executive's student numbers and have been fully responsive to the priorities of Scottish Ministers, as translated by the Funding Council.

## 8. AUTONOMY

The thrust of the documentation appears to be towards limiting institutional autonomy. Autonomy is not, of course, a good in itself but it does enable universities to be enterprising, innovative and able to create ground-breaking schemes, the likes of which we believe state-controlled institutions would be unable to deliver. Thus universities are currently able to use public funding as leverage to raise a substantial and increasing proportion of their income from other sources. For example, at Aberdeen we secure additional competitively-won externally financed research funds at a ratio of more than 3 to 1. Indeed, internationally and particularly within Europe, the trend is towards greater rather than less institutional autonomy, while in the UK the recent Lambert Report on business/university collaboration recommended a lighter-touch regulatory and accountability regime for well-run universities.

## 9. GOVERNANCE

One key element of institutional autonomy is the freedom which members of governing bodies have to contribute to institutional development and governance. If autonomy is to be curtailed, our ability to recruit highly able people from other sectors of national life to serve on our Court will be constrained, if they do not believe that they can make a real and meaningful contribution. Indeed, this move seems to be contrary to recent initiatives which have raised the profile and made more explicit the responsibilities of lay Court members. We believe that Scottish Higher Education is best served by governors who have the freedom to determine the strategic direction of their institutions.

## 10. ADDITIONAL COMMENTS

Finally, we would comment on a number of other specific issues within the draft Bill:

- **Directions to the Council (Section 6)** - "The Scottish Ministers may give the Council directions as to the exercise of its functions except those under Section 16" and they may "be of a general or specific character" and "the Council must comply with directions given to it under this Section". This appears once again to be an element of ministerial control of the Funding Council which goes far beyond that which obtains at present and is undesirable.
- **Special meetings of the governing body (Section 13)** – We note the extension of powers to the Funding Council to require the holding of a special meeting of a governing body on any matters relating to the financial support which it receives from the Council. As there is no evidence that existing provision is defective as far as University Courts are concerned, we believe that what is proposed is unnecessary, is a serious transgression on the authority of governing bodies, and is likely to have the effect of discouraging able people from serving on them.

- **Advisory Functions (Section 16)** - The Council must provide Scottish Ministers with such information, advice and assistance relating to the undertaking of research at institutions, which provide tertiary education, as the Scottish Ministers may reasonably require. Does this imply a move towards the central planning of research? If so, we believe that is both impractical and undesirable. We welcome the establishment of a statutory Research Committee (Schedule 1, Paragraph 11) as an indication of the importance afforded to research but feel strongly that it should be chaired by an active and respected researcher and must include a good representation of research-active members across a range of disciplines.
- **Skills Needs (Section 17)** – The Council is to have regard to Skills Needs in Scotland. We are concerned that this implies some form of manpower planning. If so, we neither believe that the Council is an appropriate body to undertake this, nor that such planning can ever be effective. Indeed, if the Council can require only those bodies named in the Act to provide relevant information (Section 18(3)), we fear that they will be quite unable to provide a full picture. Additionally, we feel that this section places too great an emphasis on skills at the expense of the broader educative role of universities.
- **Consultation and Collaborations (Section 18 and more generally throughout the Bill)** – We fully accept our obligations to be accountable for public money but we are concerned at the increasing numbers of bureaucratic requests for information which will fall upon institutions and will eat up additional resource which would be more effectively applied directly to the academic endeavour.
- **Duty to Provide Tertiary Education (Section 23)** – “The governing body ... must secure the efficient provision by the provider of tertiary education of a suitable range”, in the context of the area in which the provider is situated and the likely need of persons who might wish to become students. While possibly appropriate for institutions of further education which have clear local missions, this section is cast in terms which imply far too narrow and restrictive a vision of higher education. We would hope that it could be deleted or at the very least amended to make explicit the international aspect of HE in Scotland.
- **Title of the new body** – We would prefer that the title reflect its remit, namely the funding of both Higher and Further Education, and would suggest the *Scottish Further and Higher Education Funding Council*.

I hope that you find our comments helpful and constructive.

Yours faithfully,



**C Duncan Rice**

CDR/mg