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**UNIVERSITY
OF ABERDEEN**

13 July 2004

Merger of the Funding Councils' Team
Enterprise, Transport and Lifelong Learning Department
2nd Floor, Europa Building
450 Argyll Street
GLASGOW
G2 8LG

Dear Sir

I am writing in my capacity as Chairman of the Committee of Chairmen of Scottish Higher Education Institutions (CCSHEI) and on behalf of that body.

The Committee welcomes the commitment of the Executive to higher education in Scotland. The consultation paper and proposed Bill clearly recognises the central importance of higher education to the quality of life of our people and to the success of the economic and cultural life of Scotland. We agree with the principles underlying the Bill, that the whole education sector must deliver quality and efficiency in line with the needs of the marketplace whether that is local or international. We also believe that some structural change may be necessary if we are to achieve what we all wish to achieve. We believe that the Executive has a key role to play in championing and supporting these ambitions.

We have resisted commenting on the detail of the consultation paper and draft Bill – others will do that. We have focussed on three general themes – reputation, governance and funding.

Reputation

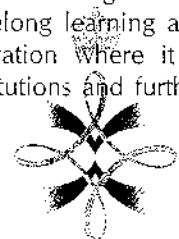
As Chairs we see how quickly the marketplace is changing, with demographic trends here and abroad. We also see from within our respective institutions a growing sophistication in our consumers which is matched by greater choice and information. Against that background we are aware of how vulnerable the collective brand is to any negative publicity and any impression which might be given about a levelling down of the top levels of education available in Scotland.

We are fortunate to have considerable diversity of mission within the sector and a closeness to our various markets, which allows us to react quickly to meet changing patterns of demand at both graduate and undergraduate level. At the same time, we appreciate that there will be initiatives which require to be led by the Council.

For these reasons we believe that the name of the combined funding council should simply be the *Scottish Higher and Further Education Funding Council*. The use of the term "Tertiary" may have the effect of confusing the perception and status of Scottish higher education, which is a very valuable national and international brand.

HE institutions operate within an international framework which must be respected and acknowledged. Parity of esteem for all, as envisaged in the consultation paper, is best achieved by preserving the existing titles of the various institutions, recognising their distinctive roles in providing excellence in lifelong learning and research, building and developing their diverse strengths while encouraging collaboration where it is appropriate. For these reasons we oppose the title "STEPS". Our higher education institutions and further education institutions are, and should remain, Universities, Schools and Colleges.

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Secretary to the University
King's College
Aberdeen AB24 3FX
Scotland
United Kingdom
Tel: +44 (0) 1224 272094
Fax: +44 (0) 1224 273717
Email: s.cannon@abdn.ac.uk



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Governance

The current debate about governance is important and has been productive. We believe it will lead to a significant strengthening of Boards. We believe that the commercial and industrial expertise of the non-executive members of governing bodies is very necessary in the current climate. We hope that they will continue to see the sector as worthwhile and somewhere where they can really add value.

Currently members of governing bodies are encouraged to and do contribute to institutional development and governance. If this role is to be restricted, the ability to recruit highly able people from other sectors of national life - especially in areas such as business where greater interaction with universities is desirable - will be seriously constrained. If such individuals of calibre do not believe that they can make a real and meaningful contribution, they will ask themselves what their role on such a governing body would be. There have been examples of this already since the publication of the consultation document. This would have serious consequences, which would over time lead to a diminution of the entrepreneurial drive and standing of HE institutions.

Indeed, such a move seems to be contrary to recent initiatives which have raised the profile and made more explicit the responsibilities of lay members of governing bodies. It is also contrary to the thrust of the recent Lambert Report on business/university collaboration, which recommended a lighter-touch regulatory and accountability regime for those HE bodies considered to be well run.

As the Executive is aware, Dr Andrew Cubie is currently leading an initiative, on behalf of the Committee of University Chairmen and with the full support of the Funding Councils, that will result in the introduction of a Code of Practice within a Guide for Members of HE Governing Bodies.

We must ensure that policies do not have the consequence - intended or otherwise - of curtailing the shift in the role of Governing Bodies towards playing a more significant role in shaping the future of their institutions, rather than being a "rubber stamp" oriented committee.

The traditional role of the HE funding council to act as a buffer between the state and the universities and to encourage an independent strategic role by the governing bodies has already been significantly eroded. The Bill now under consideration, if enacted in its present format, potentially will open up universities to more direct intervention by ministers. While the Chairmen do not doubt the good intentions of the Executive in framing this Bill, the fact is that the powers given to Ministers in paragraphs 1, 2, 7 and 26 of the Bill and to the Council in paragraphs 13, 14 and 24 are all capable of being misused in the future.

Funding

It has been our concern since the merger of the funding councils was first mooted, that the combined councils could lead to a reduction in HE funding as a result of pressure from FE for increased resource. It is vital that the difference between degree teaching in the HE sector, with its emphasis on learning based on enquiry and research, and the FE sector, with its emphasis on SQA vocational courses, is understood and maintained. Funding of teaching in both higher and further education must be based on the cost of delivery in each sector.

The benchmarks for appropriate levels of funding for higher education institutions are competitor universities within the UK and other countries and not further education colleges in Scotland. This becomes even more important given the changes in England, which create significantly better resourced universities there.

We are also concerned that any levelling of funding may stimulate increased cross sector competition for limited funds at the expense of cross sector collaboration.

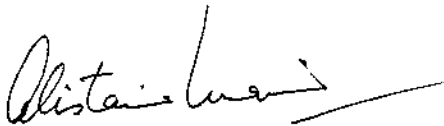
Summary

The merger of SHEFC and SFEFC should facilitate closer collaboration between HE and FE and provide modest savings in administrative costs.

However, we believe that there is a danger that some of the measures contained in the consultation and draft Bill would diminish the brand of HE in Scotland, undermine the distinctive qualities of HE and benchmark existing institutions against the wrong comparators. We are most fearful, however, that an overregulated centrally planned sector will undermine the principles of good governance to which we subscribe and will threaten our capacity to attract and retain governors of the calibre the sector requires and deserves.

The whole debate in Scotland (arguably also the UK) about the origin and future of university funding needs an imaginative rethink, which goes well beyond the boundaries and limitations of the existing proposal set, and which deals with root causes rather than symptoms.

We believe that higher education institutions should be looked upon to make a more explicit value added contribution to arenas of Scottish Executive policy. However, in order to do this, the debate needs to go beyond the pendulum theory of "centralisation v decentralisation", and introduce more transparency around the expected role of, and scorecard for, universities. The Committee of Chairmen of Scottish Higher Education Institutions is, for its part, fully prepared to contribute to that debate.

A handwritten signature in black ink, appearing to read 'Alistair Mair', with a long horizontal flourish extending to the right.

Dr Alistair Mair
Chairman
Committee of Chairmen of Scottish Higher Education Institutions