

## Consultation on Merger of the Funding Councils

### Response from Heriot-Watt University

1. HWU welcomes the opportunity to comment on the draft Bill and the Consultation Document. The University notes that there is a fair degree of disconnection between these two documents.
2. HWU recognises that the Partnership Document which, in effect, represents a compromise between Manifestos of the coalition government gave rise to the expectation that a merger of Funding Councils take place. This, of course, does not mean that it necessarily makes sense unless it creates more opportunities for the two sectors to become more effective.
3. HWU believes that the role of the Funding Councils as "Buffer Bodies" between Ministers and Institutions is a necessary one, and that the purpose of the Funding Councils are to set transparent frameworks for resources allocation and to (a) advise Ministers on the needs and priorities of the respective sectors, and (b) to help translate the resources disbursed by Ministers in a way which achieves the strategic aims of Ministers in delivering a Smart Successful Scotland in which the HE/FE sectors contribute in cultural, social and economic terms to their vision of Scotland in the world. To that extent, any merger of the Funding Councils which enabled the sectors to perform better through having a Council which better understood their respective needs and contributions and which better supported their operations would be welcome.
4. Heriot-Watt University operates in an international environment and delivers significant value for the national economy in GDP terms (some £220 million). It leverages the public funding it receives from the SHEFC by about 2.5 times with funds won competitively in research, international student education, knowledge transfer and operating its campus infrastructure in a business-like way. It employs over 1500 staff directly, and operates a 'research park' which has generated over 1000 graduate-level jobs. HWU has around 17000 students from over 130 different countries registered for its degrees – the majority now at post graduate levels. The direct spend in these operations is leveraged again by indirect impact on jobs and services.

Heriot-Watt University achieves this by its ability to recruit staff of the highest calibre and innovative skills ; by recruiting students worldwide who value the educational experiences and preparation for employment that we give them; by generating and transferring knowledge through research, development, consultancy and business development; and through its ability to attract to its governing body and help steer the University strategically, some of the most enterprising and intelligent members of society.

5. The most pressing issues for Heriot-Watt University in its areas of expertise of Business and Management, Engineering and Design, Sciences, Languages, Mathematics and Information Technology surround its ability to remain internationally competitive and sustainable. This depends on adequate resourcing from our Funding Council which we can then increase further through our ability to win additional resources. It is therefore critical that any proposal to change the focus of our Funding Council does not result in lowering the unit of resource in our areas of activity. Our ability to retain staff and students depends on our competitive advantage, not only in Scotland but in the rest of the UK, Europe and beyond.

We are very concerned that a broader based Council would not necessarily appreciate the particular needs of a University like HWU in delivering the aspirations of Scotland. The role of SHEFC as it stands at present is at least an undiluted instrument with the potential to convey to the Minister the return on investment that can be gained from a properly resourced Higher Education Sector.

6. The specific benefits of investing in Higher Education have no doubt been made on behalf of the sector by SHEFC in the SR2004. We would not wish to dilute this route. The needs of FE are also fully appreciated and they are distinct in mission and needs from those of HE. It is important that FE and HE needs do not get mixed up and both clearly need more resources than they get at present. We are nervous that there will be temptation to create a single funding stream and reference to a Tertiary sector and to resourcing of levels 1 and 2 only increases this concern. From a student perspective, the learning experience is different in the different sectors and even in different institutions.
7. The HE and FE sectors already work closely together where it is in the interest of both to do so and where there is clear benefit for students in choice and accessibility as well as better routes to success. At Heriot-Watt University we point to successful interface activities through our SCHOLAR PROGRAMMES; the LINK programmes and through articulation agreements individually with many Colleges. We believe these collaborations work well under existing FC arrangements. The difference in mission between FE and HE needs to be recognised through separate resource allocation processes within any overall framework.
8. The driver for change is at its most powerful when something is obviously broken. We do not recognise that the present separate funding processes for FE and HE which recognise separate missions are broken – but we do recognise that both sectors are insufficiently funded to deliver their full potential as key components of the vision for a more dynamic and prosperous Scotland.
9. HWU does not intend here to repeat the detailed response submitted by Universities Scotland – it fully supports that response and the criticisms of the Bill in its draft form.
10. It is critical to HWU, and through that to the national interest of Scotland, that nothing is done to damage the ability of the University to benefit from the strong international brand of ‘University’ in Scotland, nor to limit in any way its ability to attract the highest calibre of lay governor to engage in identifying and planning strategic directions for the University. We therefore express deep concern at any intention to give Ministers more directive powers than they have at present and we would oppose any attempt to put University strategic planning in the hands of the Funding Council and Ministers rather than in the hands of lay governors.
11. The University would hope, as a stakeholder, to have an opportunity to help shape the ‘refresh’ of the ‘Smart Successful Scotland’ strategy and to demonstrate the fragile but essential role of the higher education sector at the heart of the vision for a knowledge-based economy in Scotland. Many of the ways are indicated in Universities Scotland’s document ‘The Knowledge Society’ and in its submission to SR2004.
12. The University is totally opposed to the proposal of ‘STEPS’ which fragments the University sector and confuses the distinct roles of FE and HE. This point is well made in the Universities Scotland submission.