

**CONSULTATION ON THE MERGER OF THE SCOTTISH FURTHER EDUCATION FUNDING
COUNCIL AND THE SCOTTISH HIGHER EDUCATION FUNDING COUNCIL:
*A Changing Landscape for Tertiary Education and Research in Scotland***

The University of Paisley welcomes the opportunity to respond to the Scottish Executive's Consultation on the Merger of the Funding Councils. We reiterate our earlier support for the merger of the funding councils, which we set out in our response to the Scottish Executive's discussion paper in October 2003.

The University has also had the opportunity to input to the Universities Scotland discussions on the consultation and we confirm that we fully endorse the response made by Universities Scotland on behalf of the sector.

The University supports the views of the Deputy First Minister that a merged funding council will be better placed to support lifelong learning and create greater coherence across FE/HE through improved articulation of courses and by generating better FE/HE links. The University applauds the aim of achieving 'parity of esteem for different types of learning and learning providers' by merging the funding councils but firmly believes that FE and HE have different characteristics and objectives, and that a coherent sector is not the same as a merged sector.

The University is pleased to note the acknowledgement of the University of Paisley's involvement in stimulating and meeting demand in a strategically important geographic area through its involvement in the Crichton Campus partnership and has been encouraged in current discussions with Bell College by the consultation's emphasis of the importance of appropriate institutional mergers.

However, the consultation document and accompanying draft Bill present the University of Paisley with a number of areas of concern.

i) Specified Tertiary Education Providers (STEPs)

The University supports the establishment of a single body with funding and strategic responsibilities, building on the success of the single executive. The University believes that the establishment of a single body will best enable the achievement of the Executive's lifelong learning targets and strengthen collaborative links between further and higher education (including articulation links). However, the University believes that the furtherance of these aims is not dependent on the merger of the FE and HE sectors (or, at least, the treatment of all tertiary education providers in largely the same manner) as outlined in the consultation. A merged 'tertiary education' sector would inevitably blur the distinctive missions, activities and requirements of the HE and FE sectors.

The University notes that the Scottish Executive's rationale for the introduction of STEP is to achieve "...convenient ways of describing how Scottish Ministers and the new [funding] body can interact with them".

The University is, however, most concerned by the potential implications of the proposed stratification of the tertiary education sector on an arbitrary basis that reflects little more than historical circumstance. The rationale for the introduction of a two-sector higher education sector remains unclear and does not appear to reflect any demand for such a radical move from the institutions themselves. Moreover, the University fears the potential damage that such stratification is likely to have in terms of the national and international reputation of existing universities that would be categorised separately from the 'Ancient and Chartered' universities.

The University is fiercely resistant to proposals which could clearly be construed as a return to the "binary line" and the end of the "parity of esteem" achieved by modern universities in the years since its' abolition. This would inevitably damage the progress made by the post 1992 universities in Scotland in widening participation and directly contributing to Scotland's applied research and knowledge transfer needs.

We are however encouraged by the responsiveness to date of Ministers and senior officials to the above concerns.

ii) Funding Implications

There is a lack of clear information provided in the consultation paper in relation to the funding implications of the introduction of the STEPs system of classification. The absence of any clear indication of future funding arrangements under the new body is disappointing and, even at this juncture, makes coherent long-term planning difficult for the University.

The University notes the following proposals within the consultation document:

"We propose that the Scottish Parliament allocate funding for the tertiary education sector to the new body in total terms, and that the new body propose a broad allocation based on Ministerial guidance, for agreement by Scottish Ministers. Ministers would recommend the basis for the allocation of funds which would be at a high level, and could be by type of institution, as at present, or over time by other criteria, for example, non advanced teaching/ advanced teaching/ research, or SCQF levels.

For the first year or so, we would expect the funding allocation to remain by type of institution - this would be based on existing relative levels of funding to SFEFC and SHEFC. This would allow time for the new body to develop measurement and funding systems and minimise any potential disruption across the sectors."

(Consultation paper, para. 107 - 108)

It is clear that the Executive anticipates a significant change in the basis and criteria for the allocation of funds to the sector, however the consultation paper and draft Bill fail to provide any clear indication of the ways in which funding criteria are likely to be altered. Moreover, the University is concerned by the consultation paper's failure to acknowledge the contributions made by modern, inclusive universities such as the University of Paisley to social inclusion, widening access and the Executive's lifelong learning agenda in general and wishes to emphasise to the Executive that funding made available to 'Higher Education Institutions' for such purposes should not be squeezed between the demands of 'Ancient and Chartered Universities' and the FE sector.

SHEFC grants for widening participation are welcome, and are necessary to support University learning and teaching strategies which are designed to produce graduates who are independent learners and who will therefore have the attributes required by employers, if the Scottish economy is to flourish. Any reduction in the unit of funding for teaching, in particular for first and second year degree students, will make the delivery of these University learning and teaching strategies extremely difficult. It is also likely to damage the Executive's objective of widening participation and may also worsen retention rates for students from socially excluded backgrounds.

In addition, the University would strongly oppose any further concentration of research funding to the disadvantage of the 'Higher Education Institutions'.

iii) The Role of Universities

The consultation paper gives the Executive the power to extend the range of 'learning providers' eligible to receive funding from the new body. The University believes that such an innovation would be counter-productive as it would necessarily spread funding more thinly. In addition, such measures would require a significant extension of current quality assurance systems which may prove costly for all concerned. Moreover, the University is unclear where specific demand for provision (which cannot be met by the current FE and HE sectors) is evidenced.

The consultation's view of the 'traditional focus' of HEIs and FE colleges (paragraphs 58 and 59 of the consultation document) is narrow. The chief concerns of HEIs are outlined in the consultation document as being:

"...traditionally focussed primarily on teaching, scholarship and research, including the advancement of knowledge, testing the boundaries of understanding and advancing new, and sometimes controversial opinions. They have also provided education and training for the professions such as medicine, dentistry, the law, the ministry, engineering, and attract student from far beyond their immediate locale."

Whereas FE colleges are understood to have:

"...a local focus, providing a wide range of non-advanced and vocational programmes... They promote social inclusion... and play a role in the transfer of knowledge and in developing innovative approaches to training and learning."

The University is concerned by these very narrow definitions of the HE and FE sectors. The University would ask the Executive to note that the proportion of intake from outwith the immediate locale varies across the HE sector. It is of some concern to the University that 'vocational programmes', the promotion of 'social inclusion' and the development of 'innovative approaches training and learning' appear to be regarded as the preserve of the FE sector within the consultation paper.

iv) Institutional Autonomy

The consultation document and draft Bill raise a number of concerns with regard to the maintenance of the institutional autonomy of Scotland's HEIs. They propose an increase in the regulatory burden on HEIs inappropriate to their status as independent institutions with income streams in addition to those from the funding council. The Tertiary Education (Funding etc.) (Scotland) Bill has a number of sections that we believe could, in the future, damage the autonomy of the institutions, including Sections 1, 13, 24 and 26. The

University believes that the increased powers run counter to the tenor of the Lambert Report, which recommends a "*lighter touch regulatory and accountability regime for well run universities*". In addition, the draft Bill seeks to increase the influence that the funding body has beyond setting levels for the main quality research grant, the Research Development Grant and other strategic investments, and envisages a more strategic role for ministers 'to ensure the adequate and efficient undertaking of research'. This would be inappropriate as universities (to a greater or lesser extent) are funded to carry out research by (and enter into private contracts with) a wide variety of stakeholders.

The proposals appear to seek to extend the (more prescriptive) relationship between Ministers and FE Colleges to HEIs. For example, section 23 (2) of the draft Bill seeks to extend the current responsibility of FE colleges to have regard to the local needs and the needs of local learners to the HE sector. While HEIs are unlikely to have any objection to this in principle, it amounts to an extension of obligations appropriate only to FE colleges to the HE sector. It is also unclear whether there will be any implications for the recruitment of international students or the international activities characteristic of all Scottish universities.

A further example of this inappropriate increase in regulatory power over the universities is contained within section 13 of the draft Bill which will give the merged funding council a power to require an extraordinary general meeting of University Court to be held, to be addressed by the Chief Executive of the merged funding council. This impinges on the authority and autonomy of the University Court and would not be welcomed by the University.

v) Institutional Mergers

The consultation document and draft Bill propose new powers for the merged funding council to require the governing body of any institution to 'evaluate the feasibility and advantages' of a merger with another institution (as determined by the funding council, and to include cross-sectoral mergers). The University has previously indicated to the Executive that it is more appropriate for Ministers to review mergers which have been initiated by institutions, not least as such mergers are likely to stand a better chance of success.