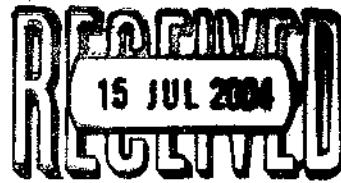


years

Supporting the
land-based industries
1904 - 2004



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

Our Ref: WMcK/ew

14 July 2004

By e-mail

Dear Sir/Madam

SAC (Scottish Agricultural College) Response to the Consultation on the Merger of the Scottish Funding Councils for Further and Higher Education

1. Introduction

SAC welcomes the opportunity to respond to the consultation on the merger of the Scottish funding councils for further and higher education. In addition to our own response to the consultation we also wish to point out that as associate members of both the Association of Scottish Colleges (ASC) and Universities Scotland we generally support the individual and joint responses that both these organisations have made on the consultation.

SAC is unique amongst HEIs and FECs in Scotland in that we are not funded by either of the existing funding councils for our education, training and research activities but are instead funded principally by SEERAD. Nonetheless, we believe that our response is important for the reasons set out below and also from the point of view that we are currently benchmarked on the funding methodologies applied by the funding councils to FECs and HEIs. We are also aware of the possibility that our education and training provision may be funded at some point in the future by the proposed new funding body, which makes our response all the more relevant.

Generally speaking we are supportive of the merger of the two funding councils but we do have some reservations on specific issues which we have identified below. Our response begins by focussing on issues that are of specific relevance to SAC and then considers other issues which all respondents have been asked to address.

2. Designation as a Specified Tertiary Education Provider (STEP)

We believe that the omission of SAC as a STEP in Annexe A of the Consultation document and Schedule 2 of the Bill is a major omission which we would wish to be addressed as a matter of



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urgency. SAC performs a pivotal role as the principal knowledge transfer organisation for the land-based sectors in Scotland. Currently we have around 700 full-time students and 2000 trainees who are undertaking a range of programmes and courses, the majority of which are at Higher Education (HE) level. **SAC fulfils all of the conditions set out in the consultation document to be classified as a STEP and as such we believe that SAC should be included in the list of STEPs.**

3. Funding

Although the draft Bill does not specifically prescribe new approaches to funding for the provision of education, nor would we expect it to, we are, however, very concerned by sections within the consultation document which imply that a new funding body may change the funding methodology from the current basis of type of institution to level of programme (e.g. by SCQF level). We are concerned that such a change, if imposed over a relatively short period of time, may result in financial instability for some institutions, including SAC.

Whilst we accept that there may be a case for the review of funding levels any such review needs to take account of the environment within which each institution operates. SAC currently provides its education and training programmes/courses to students at various locations throughout Scotland. This model of provision, whilst welcome by SAC's stakeholders including politicians, results in a higher cost base than would be the case if we were to provide our programmes/courses out of only one centre. This higher cost base is currently being cross-subsidised by our other activities. Any reduction in our education funding base could jeopardise the long-term viability of our education provision. Our support for merger of the two funding councils is therefore conditional on a clear commitment that any changes to the existing funding methodologies must take account of the individual circumstances of specialist providers such as SAC and should not result in cuts in funding which could destabilise our overall education provision. We believe that the new funding body must have regard to the financial health of education providers before making fundamental changes to its funding methodologies.

4. Collaboration/Merger

We fully support the Scottish Executive's existing approach to collaboration and merger of education institutions and we are actively involved in developing partnerships and progression/articulation routes into our programmes from FECs. Additionally, our degree programmes are validated by three of Scotland's universities. We are also collaborating with two other HEIs to rationalise our existing campuses and share teaching resources and student facilities. All of these collaborative arrangements have been developed willingly by the institutions concerned. This has resulted in genuine buy-in by all parties to these arrangements.

Although we agree that some infrastructure developments may be assisted by the intervention of Ministers we do not believe that a requirement of institutions to evaluate mergers, when the institutions concerned are not keen to enter into a merger, will form the basis of good foundations on which to build a merger. There are numerous examples in the FE sector of potential mergers which have failed to materialise because they were to some extent forced on one or more of the institutions concerned. On the other hand recent examples in the FE and HE sectors in Scotland illustrate that positive collaboration between institutions can lead to soundly based merger proposals.

There is certainly a case for Ministers and the funding body to initiate discussion on future reconfiguration of colleges and universities but that discussion should not cross over into the enforcement of mergers of these institutions.

Evidence and case studies on mergers of education institutions show that they are most likely to succeed if they are driven by a belief in the shared values of the parties seeking to merge.

5. Tertiary Education

We are concerned about the use of the term "Tertiary Education" within the consultation document and the Bill. We believe that such terminology is not well understood by the public at large and may indeed be confusing if the terms Further Education and Higher Education are also used within the legislation. The word "Tertiary" is old fashioned in education terminology and does not truly reflect the way post compulsory education institutions have developed to meet new markets in recent years.

Although we are in favour of retaining the term Higher Education we believe that the term Further Education may be too limiting and not truly reflective of the broad spectrum of education and training provision of most colleges.

6. Structure and functions of the new funding body

We believe that the new funding body should seek to maximise the potential advantages that merger offers by creating a structure which is relatively small and strategically focused. It should not seek to duplicate the expertise that is available within the colleges and universities but should, where appropriate for strategic dialogue and joint working with institutions, seek to second some of its staff from these institutions. The new funding body should function as a funder of education and research and avoid the temptation to get involved in the planning and operational management of the institutions it funds.

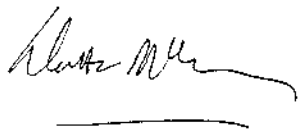
It should position itself between government and the education institutions it funds and act as an advisor to the former and be supportive of the latter. Additionally, it should develop a funding methodology which is fair, open and transparent and which also takes account of government policy and priorities. The funding methodology will in future also need to take account of diversity in provision as well as the different levels of provision.

7. Suggestions on a name for the new funding body

In addition to the point made in 5 above regarding "Tertiary Education" we do not believe that the title of the new funding body should include the word "Tertiary", instead we prefer a title which is easily understood by most people and is simple, such as: the Scottish Colleges and Universities Funding Council.

I trust that the above is helpful.

Yours faithfully,



Professor W A C McKelvey
Chief Executive and Principal