

COMMITTEE OF CHAIRS OF SCOTTISH HIGHER EDUCATION INSTITUTIONS

Response to the Interim Report of the Joint Future Thinking Taskforce on Universities

1. Introduction

This is not a comprehensive response to the issues raised in Taskforce's Interim Report. It deliberately concentrates on four key issues which, at their meeting on 6 August with Mark Batho and Stephen Kerr, the chairs felt were central to the responsibilities of the Courts and other Governing Bodies which they lead.

2. The General Fund and the Horizon Fund (GFU and HFU)

Although the GFU and HFU would constitute a new mechanism, the idea of distinguishing between funding for core activities and funding for special initiatives and projects is not new. It is current Scottish Funding Council (SFC) practice. Therefore, much more important than the mechanism itself is how it would be applied. There is very little about this in the Interim Report.

Our prime responsibility as leaders of Governing Bodies is to ensure that the finances of our institutions are strong, robust and sustainable, enabling the planning and achievement of consistently high levels of performance in core activities. For this to be achieved the following are essential in relation to the way the GFU and HFU are implemented.

- The GFU must cover the full cost of those core activities that are publicly funded.
- The GFU quantum must be set at a level that maintains comparability of overall resourcing for these activities with universities elsewhere in the UK. Specifically, if government policy denies Scottish universities income from a particular source that would otherwise have been available to them, as in the case of tuition fees, it is the responsibility of government to address how the shortfall is to be met.
- The chairs would expect that the HFU would represent a relatively small percentage of overall funding, and that its use would be directed to initiatives and projects which genuinely fall outwith core activities.
- We would also expect the number of special initiatives and projects to be strictly limited and to have been developed through the new Tripartite Advisory Group (see 4 below). Universities must not be subjected to diversionary "initiativitis", or be put under pressure to undertake projects which are inappropriate to their mission or which might compromise performance in core activities.

3. Lighter touch

The promise of a "lighter touch", which of course we welcome warmly, is a closely related point. However, a relatively large HFU which began to intrude on core activities (or any other change to the funding model that further eroded the GFU) would immediately undermine – indeed more than outweigh – any benefit arising from the application of a lighter touch elsewhere.

We recognise the greater responsibility that is placed on Governing Bodies under a lighter touch regime. We are confident that, benefiting as they do from being able to attract as members highly distinguished and experienced people, they have the maturity and expertise to discharge that responsibility successfully.

Our main caveat is that past experience indicates that a lighter touch is easier to promise than to deliver. Its delivery on this occasion will require restraint by both Government and the SFC as well as a good understanding by Governing Bodies of their responsibilities. In formulating its guidance to the SFC, Government must avoid excessive detail and prescription, and in relation to its regulatory role the SFC must be rigorous in cutting out everything other than what is absolutely necessary. A good indicator of progress with the latter will be that the next SFC Corporate Plan is shorter, simpler and higher level than the current version.

4. Tripartite Advisory Group

As with the GFU and HFU, the establishment of the Tripartite Advisory Group – while a welcome development – is less important than the question of how it operates and what it does. If it is just a talking shop, it will not add value. It is essential that it facilitates meaningful joint engagement by all three parties both at formal meetings and in preparing for them, and that this makes a substantial contribution to the shaping of future strategy and influences Government decision-making and resource allocation.

Some of the reservations we have expressed above about the GFU and HFU will be alleviated if the Tripartite Advisory Group has a significant role in specifying:

- what the size of the GFU needs to be to ensure that the funding of the core activities of institutions is comparable with that of institutions elsewhere in the UK and sufficient for them to remain financially sustainable and internationally competitive;
- what purposes might appropriately be supported by the HFU, the resources that would be required for new projects and initiatives, and how these projects and initiatives should be structured and managed.

5. Universities and the economy

We are concerned that the Interim Report lacks clarity about the relationship between higher education provision and the Scottish economy. While recognising in some places that the importance and value to Scotland of its universities extends beyond the direct economic benefits, elsewhere it lapses into an over-simplistic instrumental argument that the universities should align themselves with the Government's (Economic) Purpose, and that Government funding for universities should be related to that alignment.

We believe that would be counter-productive. In the modern world, where developed countries are seeking to build advanced knowledge-based economies, what universities do is vitally important to the achievement of government priorities, social and cultural as well as economic. However, the purposes of universities are not congruent with those of government, and an attempt to align them more directly runs the risk of creating mission confusion that could have an adverse effect on performance. It is also inconsistent with the idea of a lighter touch.

Like other organisations contributing to the public good, universities need to be supported to do what they are best at. In relation to their economic role, a more enlightened approach is to recognise that, while it is not the purpose of universities to fix the economy, without them the economy cannot be fixed. This is not an argument for doing nothing. We agree that there is

substantial benefit to be realised from expanding and enriching the engagement between universities and business. It should be a priority task for the Tripartite Advisory Group to consider how best this can be achieved and supported – but it must not compromise the current excellence being delivered in the core missions of learning and teaching and research.

6. Other issues

We have not lost sight of other issues that Mark Batho and Stephen Kerr invited the chairs to consider, such as skills utilisation and the development of the curriculum. Moreover, there is much more that could usefully be said on central issues such as future funding models and engagement with business. We believe that in a further response from the chairs, and through the responses of individual universities and others, these can be addressed more fully.

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