

SMcD/GT/DMcN

5 September 2008

Ms Claire Woodward-Nutt
HE Taskforce Secretariat
Scottish Government
Europa Building
450 Argyle Street
GLASGOW G2 8LG

Paisley Campus
Paisley
PA1 2BE
Scotland

Tel 0141 848 3670
Fax 0141 848 3694

Dear Ms Woodward-Nutt

**Joint Future Thinking Taskforce on Universities
– New Horizons Interim Report**

The University of the West of Scotland welcomes the New Horizons Interim Report. Clearly there are challenges ahead for the Government and the university sector, which the report acknowledges. The issues facing us can only be resolved through joint approaches. It is a positive step forward that Scottish Ministers, the Scottish Funding Council (SFC) and Universities Scotland are working closely together to secure the future of Scotland's universities.

In particular, UWS welcomes the commitment in the report to funding universities at broadly UK levels. In doing so, the Scottish Government will need to make difficult decisions about the numbers of graduates and appropriate levels of investment in research and knowledge transfer (KT) activities for sustainable economic growth. Scottish Ministers should ensure that, whatever these targets, the unit of resource for each learner is sufficient to maintain and enhance the quality of education they receive and, consequently, the skills and capabilities they develop. In research and knowledge transfer, universities must demonstrate how these activities are contributing to Scotland's economic prosperity, and Ministers need to be assured that the research and KT undertaken by universities is relevant to Scotland's needs.

The proposal to reduce bureaucracy in funding and for the SFC to move to a significantly lighter touch regime is also welcome. There are significant opportunities and actual costs to both the Council and universities in the implementation of the current funding methodology. There would be merit in moving to a more outcomes-focussed approach to determining the accountability universities must, rightly, have for their expenditure of public funds. Similarly, this university would welcome the opportunity to agree longer-term funding support with the SFC based on the institution's strategic plan and linked to the National Performance Framework; more flexibility of funding arrangements within and across years would greatly enhance our ability to respond more speedily to student and employer demands and enable us to stop distorting our activity to avoid financial penalties.

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It is only by adapting its approach to funding, as well as by achieving sufficient funding, that the SFC will be able to support universities to deliver the kinds of changes predicated by the challenges identified in Section 1.10 of the report. Universities such as UWS are very versatile and have responded innovatively to reach new learners, such as those in employment. Similarly, UWS works closely with employers to ensure the relevance and attractiveness of our qualifications so that they meet Scotland's skills needs. However, current funding arrangements do not incentivise these kinds of flexible approaches or encourage partnership and collaborative working, and this must change.

UWS supports the proposed new relationship between the universities, its funding body and the Government. This relationship, if it is to be successful, should be based on clarity of expectation and all partners meeting these expectations. If the universities are to have more autonomy, then we must contribute relevant learning and teaching, research and knowledge transfer and be held accountable for that delivery - the "something for something" approach. In particular, we welcome the commitment to maintenance of the dual support model and the proposed growth in postgraduate numbers. We see this as critical to the development of the highest levels of skills and enterprise for Scotland.

The report, rightly in the view of UWS, highlights the need to work together to develop adaptive capacity in Scotland over the years ahead. More effective skills utilisation implies that universities will need to work increasingly with employers, especially small and medium-sized enterprises (SMEs) in future, to ensure optimal fit and take-up. This has implications for how universities prioritise such activity and organise themselves to deliver it. For many institutions this will require significant organisational change and some consideration should be given to capacity to support such change. The report identified the need (2.40) to improve incentives for engagement between universities and business - we would suggest that, particularly in relation to engagement with SMEs, our college partners have an important role to play. The pipeline for individuals to progress from HN and NQ qualifications to undergraduate and postgraduate study is a critical element in increasing absorptive capacity; and is one on which much more work on the development of qualifications, fit for this purpose, needs to be undertaken along with further consideration of financial support for part-time learners.

The final issue on which UWS wishes to comment is the proposal to establish a General Fund (GFU) and Horizon Fund for universities. In principle, we welcome this approach, particularly the recognition in the report of the diverse nature of universities, their needs and their delivery. The success of research pooling as a vehicle for creating critical mass in important subject areas has demonstrated how funding can deliver

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significant change to the landscape. We hope that Ministers use the Horizon Fund innovatively, and that this element of funding is significant enough to deliver the changes necessary to meet the challenges posed by the report. Clearly, the General Fund must meet the standards outlined in paragraph 2 above ie be sufficient to ensure high quality delivery across all institutions. It should, however, also take into account the need identified above for higher education to be funded as a system, and ensure that the GFU aligns with college funding to incentivise ever closer working between the two sectors, on a regional and potentially national basis, with a focus on driving up absorptive capacity.

We note that the Task Force views philanthropic giving and employers as sources of income with the capacity to grow. The experience of UK universities in direct fund raising would indicate that the Task Force should not take an overly optimistic view in this area particularly in the light of the current economic circumstances.

I hope that these comments are useful and would be happy to discuss them further.

Yours sincerely

A handwritten signature in black ink that reads "Seamus McDaid". The signature is written in a cursive style with a horizontal line at the end.

Professor Seamus McDaid
Principal and Vice-Chancellor