

Taking forward New Horizons

*responding
to the challenges of
the 21st century*

Final Report
from the
Joint Future Thinking Taskforce
on
Universities

INTRODUCTION

New Horizons, the Interim Report of the Joint Future Thinking Taskforce on Universities (“the Taskforce”), was published on 24 June 2008. This marked the end of the first phase of the Taskforce’s work.

The second – and public – phase over the summer involved wider discussion and debate of the matters discussed by Taskforce members. This culminated in a stakeholder conference held at Glasgow Caledonian University on 20 August. There we heard the views of governing bodies, unions, university staff, students, college principals and key players in the lifelong learning landscape as well as industry and business interests¹. In addition, a number of written responses to *New Horizons* were received.

During the summer, and as stated in *New Horizons* (paragraphs 3.18 *et seq.*), the Scottish Funding Council (SFC), undertook a comprehensive review of its processes and procedures in readiness for the new role it will now play in the future in relation to the governance of and funding policies for our universities. That review covered the SFC’s:

- operating style, its practices and business processes; and
- approach to funding, funding methodologies and their implementation.

In undertaking this review, the SFC specifically looked at:

- Adopting a lighter touch role in its relationship with the university sector and the ways in which this could be done.
- Ensuring its approach matched the new direction set by the Scottish Government.
- Recognising the diversity of missions, scale and specialisms of different institutions.
- Improving interaction with schools and colleges.
- Improving knowledge transfer and engagement with business.
- Developing closer cross-institutional collaboration and structures for teaching and research.

The third, and final, phase of the Taskforce began with the final meeting of the members on 23 September 2008 and ends today with the publication of:

- this final report;
- *New Horizons*;
- the SFC’s response to *New Horizons*; and
- the role, remit and membership of the new Tripartite Advisory Group.

¹ <http://www.scotland.gov.uk/Topics/Education/UniversitiesColleges/16640/hetaskforce/summit>

The SFC's response was approved at a plenary meeting of Universities Scotland on 28 October 2008. The SFC will now begin the work envisaged in their response to take forward *New Horizons*. As an initial action, the SFC will set up a series of bilateral meetings to discuss their proposed next steps with key stakeholders in more detail. These meetings will serve to inform the shape and timetable of the SFC's plans.

The SFC will, of course, observe their statutory responsibilities for consultation under the Further and Higher Education (Scotland) Act 2005 as implementation proceeds, adopting their usual consultation processes. Indeed, as paragraph 30 of their response makes clear in relation to the operation of the General Fund for Universities and the Horizon Fund for Universities, "*where change is made there will be appropriate consultation*". In addition, many of their proposals on lighter touch will, as the SFC itself acknowledges, "*require consultation with other stakeholders*" (paragraph 8).

The Taskforce agreed that *New Horizons* represents a substantial body of work in its own right and should be confirmed as such by its republication today. The only change is that the first challenge from universities has been altered slightly at their request. That said, at its meeting on 23 September, the Taskforce agreed that a short, supplementary report, acting as the final report, was required and that it should deal with two matters:

1. Providing a summary of the written stakeholder feedback received over the summer months, noting areas where the Taskforce paid particular attention and highlighting matters on which it believes further clarification would be helpful.
2. Providing those clarifications referred to above.

The Taskforce agreed that the terms of reference and membership of the new Tripartite Advisory Group should be confirmed and published.

David Caldwell & Stephen Kerr

On behalf of the members of the Joint Future Thinking Taskforce on Universities

17 November 2008

PART 1 - SUMMARY OF WRITTEN STAKEHOLDER FEEDBACK

Introduction

- 1.1 Written comments in response to *New Horizons* were received from 21 organisations:
- 7 from HEIs themselves;
 - 6 from student representative bodies, including NUS Scotland and CHES;
 - 2 from trade unions;
 - 6 from others:
 - The Committee of Chairs of Scottish Higher Education Institutions;
 - The Association of Scotland's Colleges;
 - Scottish Enterprise
 - The Royal Society of Edinburgh
 - The Institute of Physics
 - The Scottish Science Advisory Committee
- 1.2 All these responses can be accessed from the Scottish Government's website.²
- 1.3 Most respondents to *New Horizons* were largely positive and supportive of the approach set out. Almost all were in favour the broad framework set out, the redefining of roles and responsibilities along the lines suggested and agreed with the issues identified – but few offered positive suggestions for tackling them. One respondent felt that the tone of *New Horizons* was “*politicised...which at times is almost messianic*”.
- 1.4 Criticisms of the process were received, especially from trade unions and student representatives. Concern was expressed that *New Horizons* failed to address fully a number of relevant issues due to its narrow membership. Some commented on the lack of formal consultation and the rush towards implementation of what are seen as major changes by 2009/10. Some thought this was an optimistic timescale.
- 1.5 The timescale for implementation is addressed in the SFC's response which is also published today.

New funding arrangements

- 1.6 New funding arrangements and the proposed General Fund for Universities (GFU) and the Horizon Fund for Universities (HFU) funding streams attracted the greatest number of comments. While the new arrangements were supported in recognising the diversity of institutions, most stakeholders found it difficult to comment on these funding streams in the absence of detail of their scope, relative size and how they would be applied. The need for clarity on these points was a recurring theme.
- 1.7 Fewer responses were received on the relative split of funding than might have been anticipated – most of the comments focused on getting the priorities right and that in turn driving the allocation/division of funds. That said, several responses referred to the need to have “the majority” or “bulk” – not always defined – of the investment

² <http://www.scotland.gov.uk/Topics/Education/UniversitiesColleges/16640/hetaskforce/Comments>

channelled through the GFU. One response was more explicit in stating that *“the GFU must cover the full cost of those core activities that are publicly funded”* and that *“the HFU would represent a relatively small percentage of overall funding”*. The same response added that the HFU should only be used for special projects and initiatives and called for these projects/initiatives to be strictly limited otherwise universities could 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”*. Balanced against that view, is the belief from another respondent that the HFU must be *“of sufficient scale, value and impact to secure the change required to allow universities to work more effectively with Scotland’s business base.”*

- 1.8 At least two responses encouraged the SFC, in the operation of the GFU, to recognise that higher education should be funded as a system of provision and that spending should be aligned with college funding to incentivise closer working, particularly on a regional basis. Several responses picked out the HFU as a *“positive policy development”* which created space for *“innovative and interesting new ideas”* to emerge.
- 1.9 Some did suggest what might be included in these funds, for example, that the GFU should include learning & teaching and widening access, while the HFU should be used to incentivise business engagement. Some consultees – and this ran wider than just the post-92 institutions – suggested that the newer universities were at a funding disadvantage relative to the ancient institutions and that, for example, applied research was not rewarded or recognised to the same extent as blue skies research. They suggested that the HFU provided an opportunity to address this.
- 1.10 A greater alignment of universities activities which are funded by Government with the Government’s Purpose was not seen as an unrealistic expectation by the majority, especially in relation to research and knowledge transfer. This idea attracted support from several universities. The disadvantages of such an approach were also pointed out. One stakeholder commented that this had the potential to *“create mission confusion which could have an adverse effect on performance”*. Another thought this approach to be *“highly instrumentalist”*.
- 1.11 Linked to this, a focus on an outcomes based approach was generally welcomed and, in particular, an HFU which allowed arrangements with individual institutions delivering outcomes which recognised specialism or diversity was considered to be a positive proposal. Trades unions suggested that an outcomes based approach should be less about the Government’s Purpose and more around a people-focussed approach that empowers staff.
- 1.12 Finally on this point, there was an emphasis on ensuring that universities’ contributions to the arts, humanities and social sciences continued to be supported and that strategically important vulnerable subjects were protected. Concern was also expressed that greater alignment could result in a tension with academic freedom.
- 1.13 Much of the final meeting of the Taskforce was spent discussing the new funding arrangements and the points noted above. Many of the questions which were raised have now been answered by the SFC’s response. In particular, the construction and operation of the GFU and HFU is set out for the first time. Clarity on some other areas is provided in Part 2 of this report.

Lighter touch

- 1.14 A lighter touch approach by the SFC was welcomed by almost everyone who commented, particularly by universities. In moving towards a lighter touch, an increasing responsibility for governing bodies was expected. The Chairs believe they have “*the maturity and expertise*” to discharge this increase in their responsibilities successfully. Some highlighted a tension between a move towards lighter touch and a more outcomes-focussed approach negotiated with individual institutions. Trades unions sought assurance that these changes would accord with the Further & Higher Education (Scotland) Act 2005.

Tripartite Advisory Group

- 1.15 The Tripartite Advisory Group (TAG) of universities, Government and Funding Council attracted perhaps the most diverse responses. Universities widely supported the new group, subject to membership being representative of their diversity of missions. They saw this as an opportunity to influence Government directly. However, trades unions and students representatives were concerned about this group, particularly if it had planning powers or cut across the role of the SFC in advising Government. The lack of any reference in *New Horizons* to the Further and Higher Education Roundtable was seen as an omission.
- 1.16 The reference to the TAG being able to advise on matters such as maintaining broad comparability of funding with the rest of the UK was welcomed, although this was interpreted by stakeholders in different ways. Some assumed that the comparison with the UK would be based on the GFU alone and exclude the HFU, while most recognised that it would be based on the totality of the investment in both funds.
- 1.17 The Taskforce members discussed and agreed the role, remit and membership of the TAG at its final meeting. Mindful of the comments received in particular from student and trades unions, the Cabinet Secretary for Education & Lifelong Learning discussed matters further with each during bilateral meetings in September. The role, remit and membership of the TAG are also published today.

Other points

- 1.18 The importance of flexibility in provision in recognition of demographic changes and consumer demand was highlighted by the majority of stakeholders as a key consideration for the future and an intrinsic part of the development of higher education over the next 20 years. It was suggested that this should, as *New Horizons* indicates, include different entry and exit points and an increase in part-time provision. There was scope for the new funding arrangements to support and incentivise this.
- 1.19 There was widespread support for ensuring all universities undertake research to ensure that teaching is based on cutting-edge knowledge, although it was also recognised that, in a diverse system, there would continue to be universities that focus on teaching much more than research. There was a suggestion that there was scope for greater collaboration between highly research-intensive universities and those that are more focussed on teaching.
- 1.20 There was widespread recognition that universities did have a role in increasing businesses absorptive capacity, although they could not tackle this alone. The SFC, colleges and Scottish Enterprise all had a contribution to make here and it was important to work across organisational boundaries.

- 1.21 Finally, the recognition of universities as a key economic sector in their own right was tentatively supported by the few that commented, but there was uncertainty over the implications. Scottish Enterprise suggested that the recognition of universities as a key sector should not be at the expense of their important role in supporting the other six key sectors, such as life sciences.

PART 2 – NEW HORIZONS

2.1 There were a number of issues on which respondents asked for clarification or for further information. In the majority of instances the SFC response, also published today, provides some answers and indicates how the new model will be developed. This brief section addresses, in the form of Q&A, the four remaining points not covered.

Q. What do you mean by “aligning publicly funded activity against the Scottish Government’s Purpose and Strategic Objectives”?

A. We simply mean that the Scottish Government must be assured that the funds it provides to Scottish universities are applied to activities that are aligned with the Scottish Government’s Purpose.

Q. When receiving advice on “broad comparability”, what will be the basis of comparison – the funding in the GFU and the HFU or just the GFU?

A. It will be the total funding in both the GFU and HFU. In the context of receiving that advice, and in the case of funding for teaching, the Scottish Government expects the advice to be based on the overall funding package, namely both SFC grant and tuition fee income.

Q. How will international competitiveness be judged?

A. This is a complex process, and there is no single measure which is adequate on its own as a basis for comparison. However there are a number of indicators which are relevant, and which together provide a evidence base. These will include, for example, a range of input measures (such as official OECD statistics on higher education investment levels and participation rates for the major world economies), measures of relative success in attracting international students, international measures of research performance and other measures which assess outputs and/or outcomes. While no single measure tells the full story, a broad upward trend sustained over a few years can reasonably be interpreted as signifying improved international competitiveness while a broad downward trend can be taken as signifying deterioration.

Q. Would the tripartite group have planning powers?

A. No. As its name – Tripartite Advisory Group – indicates, it is an advisory body. Its terms of reference are also published today.