



Scottish Council for
Development and Industry

POLICY SUBMISSION

SCDI RESPONSE TO THE POST-16 CONSULTATION

PUTTING LEARNERS AT THE CENTRE: DELIVERING OUR AMBITIONS
FOR POST-16 EDUCATION

December 2011

POLICY SUBMISSION

SCDI is an independent and inclusive economic development network which seeks to influence and inspire government and key stakeholders with our ambitious vision to create shared sustainable economic prosperity for Scotland.

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Introduction

1. SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes businesses, trade unions, local authorities, educational institutions, the voluntary sector and faith groups.
2. SCDI welcomes the opportunity to input into this vital debate on the future of education in Scotland. In preparing this response we have consulted widely with our members and stakeholders across a range of industry sectors, both in broad debate on wider education issues and with regard to specific views and opinions linked to the post-16 education consultation. We believe we have outlined a strong position that will ensure post-16 education remains at the heart of a productive and globally significant Scottish economy.
3. Skills development is a strategic priority for SCDI's members and one of Scotland's key economic priorities. The skills in our economy and the quality of our research are key components of our international reputation as an economy and a nation. Our universities and colleges are an international and social strength for Scotland, creating the skills required for future economic growth. Universities alone support hundreds of thousands of jobs and contribute more than £6billion to Scotland's GVA. At a time when, as a country, we need to prioritise growing our export earnings, they bring more than £1billion into the economy through international students and research contracts.
4. SCDI believes that Scotland should be aspiring to build on its world-class performance in post-16 education, adopting international best practice in order to enable our people to develop the skills that our economy needs. As well as benchmarking our performance against our competitors, this should include creating and building upon partnerships with business. Clearly an important outcome will be maximising the benefits to the wider economy of the education sector, both through producing high quality graduates and college leavers and by commercialising the research expertise resource that is represented by our higher education institutions. The post-16 sector also has an important role to play in encouraging entrepreneurship among the student and graduate population as a whole.
5. Our economy relies on our universities and colleges. Delivering the right skills in the correct places at the appropriate time is essential for our businesses to compete and the research and innovation produced in our universities is of global economic significance to Scotland. The post-16 system must ensure that students gain the skills needed to make an immediate economic impact upon entering the workforce, that routes are available to enable work-based learning and up-skilling, and that research is commercialised to achieve its full economic potential. Scotland's strong performance in education has not fed through effectively enough to productivity, a problem which should be addressed.

6. Education has a key role in re-skilling and up-skilling the existing workforce, which will be essential in improving skills utilisation and adapting to changing technologies for people of all ages. Part-time, flexible delivery is an effective way for people in employment to engage with education. Both institutional funding and learner support need to be examined and adapted to ensure that they reflect the shift to increasingly flexible delivery and allow a wide uptake of part-time courses for students of all ages.
7. In the debate on higher education, the role of vocational education, which is critical to the provision of a highly skilled workforce in some of Scotland's key sectors, is also of great importance. SCDI wants to see parity of esteem between vocational education and the academic route.
8. Another important benefit of education is a social and cultural one – a well-educated society is an inclusive one. These significant non-commercial benefits need to be considered in the discussion on post-16 learning.

Key Points

9. In this submission, SCDI will make the following points:
 - Skills development is one of Scotland's key economic priorities
 - Scotland should be aspiring to build on its world-class performance in post-16 education
 - It is essential that students gain the skills needed to make an immediate economic impact upon entering the workforce
 - Flexible pathways to education are essential for skills development
 - The funding anomaly restricting the take up of part-time education must be resolved
 - Learners should not have to study the same subject at the same level twice
 - HN remains an important qualification from an employer perspective and efforts must be made to ensure it remains valuable to employers if refreshed
 - Graduate-level apprenticeships should be considered
 - Many organisations have a responsibility to ensure that people have the skills needed to succeed in the workplace
 - Work experience should be made widely available across Scotland
 - Scotland's careers advisors should be one of our most valuable resources
 - Schools should regard themselves as an important part of the post-16 agenda
 - Post-16 education must have a focus on all ages and not stop at age 25
 - Industry should have greater involvement in qualification development
 - Industries in key growth sectors should be represented on curriculum advisory boards across institutions
 - Business involvement in the delivery of education through tailored courses is an important part of widening access to education

- SCDI is concerned by proposed financial penalties for universities failing to widen access sufficiently
- SCDI does not regard a student 'dropping-out' from education in order to take up employment as a failure
- Scotland's academic research base is one of its global strengths and must be maximised
- There are long-term challenges about the capacity of Scottish business to absorb internationally-lauded research
- A range of structures might be able to deliver our research objectives
- Student funding should not pose disincentives for students to study flexibly
- It is important that more students are supported to enter postgraduate education
- Moves to make the post-16 sector more flexible may make navigating the sector more complex from a learner perspective
- SCDI broadly welcomes moves towards the regionalisation of college provision and a needs-based funding model
- SCDI is concerned by the pace of change proposed in the consultation and that colleges do not have sufficient resource to develop the regionalisation / merger agenda whilst offering high-quality education
- SCDI does not believe that the Scottish Government has yet secured the long-term financial stability of Scotland's universities and is concerned by the scale of budget cuts to Scotland's colleges
- The Scottish Government must work to ensure that Scotland remains open for business in the market for education delivery to international students
- SCDI supports engaging local business expertise in autonomous governing bodies and would be concerned to see Ministerial involvement in decisions

Efficient, Flexible Learner Journeys

10. Creating an education system that revolves around the needs and availability of learners and can adapt to changes in their circumstances is vital to ensure maximum uptake and success. Creating flexible pathways to education is a key part of ensuring that the skills needed for economic growth can be obtained by people across the country, regardless of their circumstances.
11. SCDI strongly believes that education should be delivered sufficiently flexibly to meet the needs of the learner. This means normalising the provision of part-time and distance learning courses as well as courses structured to meet the needs of those in full-time employment. The current funding anomaly that currently restricts the take up of part-time study must be resolved. Students should also be able to change their mode of study during a course as their circumstances change.
12. Efficiency of learner journeys is also important. Learners should not have to study the same subject at the same level twice, as often happens during the

transition from Higher National qualifications to degrees. A review of the articulation challenges needs to be undertaken to ensure that students are sufficiently prepared for progression to year 2 or 3 of a degree after an HNC or HND and that an articulating student's chance of success at university is maximised.

13. SCDI supports articulation (ie transfer from HNC/D to year 2/3 of a degree course) where there is a curricular fit, however the HN, originally designed as an important stand-alone qualification, is increasingly seen as a bridging qualification. It must be borne in mind that the HN remains an important qualification from an employer perspective, and moves to make the HN more suitable for articulation to a degree programme must ensure it remains valuable to employers. Businesses must be strongly engaged in any re-refresh of HN qualifications.
14. It is neither a good use of a student's time, or of public money, for learners to be studying the same subject at the same level multiple times. The SCQF, Scotland's world-leading qualifications framework, should be used more effectively to map the work-based qualifications, prior learning and experience of potential students to ensure they enter the education system at the correct place. Efforts by the SCQF to engage with employers should also be continued.
15. Articulation routes from college or work-based learning into higher education courses must be strengthened, publicised and prioritised by institutions. Articulation arrangements must ensure that students are supported and mentored during the transition period.
16. Apprenticeships are an essential part of Scotland's skills landscape and a big success story for Scotland. SCDI is pleased to see increases in the number of apprenticeships being funded in Scotland.
17. Many businesses have been unable to employ as many apprentices as they would like to due to continuing challenges of bank credit raising. The Scottish Government should investigate options available to help support companies to take on apprentices, perhaps through a financial loan scheme for apprenticeships.
18. SCDI originally proposed graduate-level apprenticeships in 2010. The concept builds on Scotland's success in the existing apprenticeship framework whilst educating students to degree level. The graduate apprenticeship would be delivered by a university, with students in lectures and classes for 2-3 days per week and then in paid employment for the remaining days. By being in employment throughout their course, students can learn the skills needed in the workplace they are being educated to work in, alongside the theory needed to perform their role. This also creates the link between what is being taught in the classroom and how this relates to business needs in employment.

19. This apprenticeship model would ensure a new graduate had a strong knowledge of the workplace environment, and a source for a reference for a future employer. As paid work, this also presents the opportunity for students to study to degree level without the requirement for a student loan.
20. Employers regularly raise the concern that it takes many months of additional training and support for graduate recruits to have a positive benefit on their bottom line. In the current financial climate, businesses, particularly SMEs, need to make recruitment decisions that will have an immediate positive effect on their business. It is therefore vital that people have the knowledge, skills, workplace attributes and attitude necessary to deliver in the workplace upon leaving education. Whilst we recognise that many organisations, particularly schools, have a responsibility in this area, universities and colleges should be doing all they can to ensure that team working, communications skills, time management etc are built into the curriculum and assessment mechanisms to enable these skills to be developed.
21. Work experience can be vital in teaching the skills needed for workplace success and productivity and should be offered to as many people as possible. A central agency such as Skills Development Scotland or the Scottish Funding Council should take on responsibility for acting as a broker, finding work experience places through partnerships with businesses and then matching these with students looking for work placements. This organisation should also investigate ways of removing the bureaucracy or perceived bureaucracy for employers to take on apprentices or people on work experience.
22. Careers information and guidance is a vital service to support people of all ages, particularly young people, make the right choices in education to support their future career ambitions. Skills Development Scotland and others are conducting good work in this area – including the recently-launched *My World of Work* project which is a welcome development – however business, education and the public sector can all do more in this area. Careers and guidance officers require specialist skills and should receive substantial professional development, involving the private sector. People of all ages should be able to readily seek advice on choosing a career or changing career at all stages.
23. Careers services have three significant challenges:
- Getting hold of the correct information and passing this information to people at the right time.
 - Engaging people, particularly young people, in meaningful careers advice, being conscious that young people are often not aware of where they have gaps in their knowledge.
 - Avoiding becoming a jobs broker. It is not the role of the careers service to help people get jobs.

24. Scotland's careers advisors should be one of our most valuable resources. They should be well-trained and ensure their knowledge remains relevant and up-to-date as the job market changes.
25. All of Scotland's careers agencies should work closely together. This includes Careers Scotland (through SDS), schools, colleges and universities and Jobcentre Plus. All should be working to a shared careers advice strategy, providing maximum support to people at all stages in their careers and taking the initiative to make timely interventions at transition points. A shared advice strategy should be drawn up amongst all the relevant agencies to ensure a timely and responsive service is provided during crucial times for young people.
26. School-level careers advice is particularly important. Schools should regard themselves as an important part of the post-16 agenda and look to engage positively with colleges, universities and employers to ensure their work meets the needs of learners and the economy.
27. A flexible learner journey is a core part of Scotland's lifelong learning challenge and offering. Lifelong learning should mean that opportunities to gain skills, re-skill and up-skill are available to people throughout their working lives. This is particularly important given the pace of technological change and the importance of ensuring that Scotland's workforce is able to take maximum economic advantage of new technologies. It is also of importance that people of all ages who, for many different reasons, may not have succeeded in education at a younger age, have the opportunity to enter education and gain skills that will benefit themselves and their families as well as the wider economy.
28. With this in mind, SCDI is concerned at the new emphasis being placed on 16-19 and then 19-24 year olds. Whilst not specifically excluding older learners, the logical implication of an emphasis on younger learners is that those over 24 will become increasingly marginalised, particularly in colleges – a key facility to support older learners. Many college learners over 24 are women, who could be particularly marginalised.
29. With a removal of emphasis and attention on older learners, numbers studying HNCs and HNDs could also reduce, given the current HN age profile. This could cause a supply-side shortage for the economically important articulation agenda.
30. Post-16 education must therefore have a focus on all ages from 16+ and not stop at age 25.
31. An important aspect of a flexible education system is its interactions with employers. Industry should have greater involvement in qualification development. Colleges and universities must build on current best practice of offering tailored education to companies, delivered flexibly at a time and location

to suit employees. SCDI want to see the development of existing good practice where industries in key growth sectors are represented on curriculum advisory boards across institutions.

32. An example of good practice is the Clyde Union Academy, provided in partnership with Glasgow Caledonian University, offering Clyde Union employees fully accredited qualifications to support their professional development, as well as helping to grow and expand the company. A bespoke Clyde Union MSc in Leadership and Management is offered to Clyde Union staff which is delivered on the business premises by university lecturers and associate lecturers. The Clyde Union Academy is open to all global employees, customers and suppliers, and now offers over 280 courses. Similar examples of good practice exist across Scotland, particularly within the oil and gas sector.
33. Scotland's businesses, colleges and universities have much to gain from working together on both education and research, which in turn will benefit Scotland's economy. Industry-developed qualifications, once approved by the appropriate bodies, should be eligible to receive funding to be delivered by colleges or universities.
34. The Scottish Government's Skills for Scotland and the previous UK Government's Leitch Review both emphasise the need for decisions on investment in skills development and productivity to be based on real and collective industry need. This will require better links between employers and education and skills providers, a simplified and streamlined system of funding and delivery, and information, advice and guidance.
35. To be successful in the global marketplace, Scotland must match and beat its competitors. Our workforce has to continue to adapt and change in order to cope with the demands of a world economy increasingly based on exploiting knowledge and information. Indeed, SCDI believes that matching the future needs of the new economy with the supply of skilled and retrained personnel is one of the most important challenges to our future competitiveness. Demographic change will also mean that, with fewer young people entering the labour market, companies will need to focus more on re-training existing employees, with working lives possibly extending beyond current retirement ages. A genuine commitment to lifelong learning will give all Scots the opportunity to succeed in this new environment.

Widening Access

36. Scotland has a long and proud history of providing education to all who can benefit from it, irrespective of background or circumstances. The Scottish ethos towards widening access differs from the ethos prevalent in other parts of the UK. The Scottish view is that education should be accessible for people from all

backgrounds, communities and circumstances – widening access in Scotland is not about making a small number of places available to those who otherwise wouldn't make it, but ensuring everyone has the opportunity to achieve their potential.

37. SCDI believes that this approach to accessibility of education is the correct one and must form an essential element of Scotland's future education policies. We recognise that for different learners, different routes are appropriate, and a range of options exist for rewarding, economically valuable careers, Scotland's economy will not achieve its potential when people do not gain the skills needed to play their full part in the economy of the future.
38. No one institution has sole responsibility for ensuring wider access. Schools, colleges and universities all have a team role to play, alongside SDS, Scottish Government and employers. A number of government-funded charities and organisations have had good success in supporting wider access on a regional level. Interventions need to begin at an early age and continue throughout an individual's working life.
39. Business involvement in the delivery of education through tailored workplace-based courses and programmes is an important aspect of widening access to education. This supports people of all ages to build their skills and ensure that businesses have the means to up-skill their workforces to enable business growth.
40. Part-time delivery can play a central role in widening access to education. Normalising the provision of part-time and distance learning courses and structuring courses to meet the needs of those in full-time employment are necessary to ensure uptake of these courses. The current funding anomaly that restricts the take up of part-time study must be resolved.
41. SCDI is concerned by proposed financial penalties for universities failing to widen access sufficiently. This is because a target-driven approach can often lead to perverse results. It is important that institutions developing new and innovative approaches to widening access are not penalised financially if these approaches are not as effective as envisaged, or take some time to deliver results.
42. Furthermore, as mentioned previously, a reduction in the number of older learners studying HNCs and HNDs could lead to a supply-side shortage in the number of students able to articulate into degree courses, potentially restricting universities' ability to recruit articulating students.
43. SCDI does not regard a student 'dropping-out' from education in order to take up employment as a failure. In this circumstance, efforts should be made to determine whether the remainder of the qualification can be delivered more flexibly for completion over a longer period of time.

Aligning Non-Advanced Learning & Skills with Jobs and Growth

44. Learning and skills are vital to Scotland's economic growth. The Scottish Government is correct to ensure that learning is aligned to jobs and growth, and should particularly ensure that provision at all levels delivers on the needs of employers and the economy, whilst noting that non-advanced learning can also be a good mechanism for engaging people in education who then continue to advanced-level studies.
45. Improved trade body and employer engagement and relations with both Scottish Government/SFC and individual institutions is vital in ensuring that the education provided meets the current and future needs of employers.
46. Institutions should also be forward-looking, working as far as possible to ensure that provision also meets the projected future needs and demands of the economy, particularly in relation to new technologies and industries.

Maintaining Scotland as a Global Leader in University Research

47. Scotland's academic research base is one of its major global strengths. This must be maximised. Expenditure on research in the higher education sector in Scotland is 12.45% of the UK total. By contrast, business R&D conducted in Scotland under-performs the rest of the UK, contributing 0.56% of GDP in 2006 compared with 1.08% for the UK as a whole. Scotland's universities should, in consequence, have key roles in raising the level of business birth rates and business R&D in Scotland.
48. Consideration should be given to how funding can be distributed in order to promote innovation in the higher education sector under a broadened definition of innovation to encompass training, testing and organisational change.
49. In our *Blueprint for Scotland*¹, SCDI proposed that a combined approach by all of Scotland's universities should be taken to managing the exploitation of their intellectual property rights, including the creation of a Single Office of Technology Transfer. University research in Scotland is world-leading, but business research and development under-performs the rest of the UK and most of the OECD. This proposal was made because Scotland's universities must, in consequence, have key roles in fostering and supporting innovation in new and high-growth SMEs which will be increasingly important to generate growth in the Scottish economy.

¹ SCDI Blueprint for Scotland, www.scdi.org.uk/blueprint

50. The Single Office of Technology Transfer was one of a range of proposals, on both the supply and demand sides, which SCDI made in its *Blueprint for Scotland* aimed at driving higher levels of innovation in the economy. These included:

- Consideration of how funding could be distributed to the higher and further education sectors to promote innovation and maximise their economic impact;
- Addressing limits to Knowledge Transfer Partnership funding in Scotland to encourage further links between university and business research and make them more attractive particularly to SMEs;
- Support for academics to participate directly in spin-outs and start thinking commercially at a much earlier stage in the innovation cycle;
- Building more concentrated communities of entrepreneurs and academics, helping to secure new talent; and
- Refocusing public sector funding schemes for businesses on the most effective, with Proof of Concept funding expanded to include business innovation across the economy.

51. There are fundamental, long-term challenges about the capacity of the Scottish business base to absorb internationally-lauded research. No measure on the supply-side of research will, therefore, be a silver bullet. The Scottish Government must also focus on the demand side, even though – especially as – its efforts to increase business' capacity will take many years to bear fruit.

52. SCDI welcomes the significant progress which has been made by Scotland's universities in recent years towards greater collaboration, including the launch of Interface and University Technology as single point for intellectual property, and the introduction of standard contracts to address inconsistencies. The universities are clear that there are further improvements which can be made.

53. While many businesses have positive relationships with universities on research commercialisation and innovation, the main challenges which some raise are:

- Speed of decision making
- Inconsistency of service between universities
- Over complication / bureaucracy in the process
- Over valuation of the license

54. It would be fair to say that challenges are also experienced by universities in dealing with businesses e.g. on the speed of decision making and valuations.

55. Before focussing on which structure would be best placed to address the challenges which are raised by businesses, while also meeting the needs of universities, it is essential to identify its core purpose. This should include:

- Greater sharing of and delivering best practice across the sector

- Central support for those universities (and colleges) which have fewer resources, particularly knowledge transfer professionals
- Provision of common/ shared resources and information on commercial norms and royalty rates e.g. for different technologies and compounds
- A single “shop window” – preferably on a sectoral basis, though recognising the increasing inter-disciplinary nature of research
- Sharing/ pooling of industry contacts
- A set of standard contracts e.g. for routine matters and repeat business

56. It is apparent that a range of structures might be able to deliver these, including:

- A Single Knowledge Exchange/ Technology Transfer Office
- A sectoral approach
- Regional collaborations of universities, colleges and businesses, creating a single, joined-up point of access for skills and research for businesses – these could be based on the existing Knowledge Transfer Partnerships
- Regional collaborations, led by a university with the greatest resources
- Access to IP through research pools

57. These reforms might go alongside making intellectual property available at a “reasonable rate” and dissemination of information on best practice widely which could be a condition of public funding.

58. SCDI welcomes the discussion on a Single Knowledge Exchange Office, but would seek to avoid the creation of any new bureaucracy which would create a barrier to the efficient exploitation of universities’ intellectual property. It recognises that universities have been decentralising knowledge transfer professionals closer to researchers based on international evidence of what works. It did not envisage that a Single Office of Technology Transfer would run contrary to this process. Rather, some central functions might be brought together to raise practices across the sector as a whole to the levels of the best, provide strategic leadership aligned with national and international priorities, act as a single point of contact for businesses, including SMEs and inward investors, and encourage research pools to be more focussed on commercial outputs. However, concerns have been raised that there is a risk of creating a disconnect between those processing the matter and understanding the commercial potential and value; and how best to exploit it, and of a new layer of bureaucracy.

59. SCDI believes that the options should be carefully considered with reference to:

Experience and Evidence:

- Trends within the most successful Scottish and UK universities
- Evidence of what has worked and has not worked in other countries
- Previous reports on this issue e.g. the Lambert Review and Lambert Tree
- The forthcoming review by Sir Tim Wilson for the UK Government on how to make the UK the best place for university-industry collaboration

- Lessons from ventures which formerly existed for the collaborative commercialisation of research in the UK e.g. British Technology Group

Economic Priorities:

- The specific views and needs of individual industry sectors i.e. are they shared or different?
- How the changes would work with measures to increase the capacity of businesses in Scotland to utilise and capitalise on research outputs
- The specific aims of the reforms e.g. greater large company involvement, more start-up/ spin-outs, increased SME engagement, job creation, dissemination of knowledge more widely across the business base
- The current availability of capital and barriers to investment in spin-outs
- The appetite of and the potential to encourage greater participation of the business angel community in helping to identify technology of value
- The scope to make benefits to the Scottish economy a condition of free/easy access to intellectual property - as pioneered via Easy Assess IP by Glasgow University - looking at the potential short and long term benefits and disbenefits to businesses, universities and research

University/ Research Priorities:

- Potential incentives to drive and shape behaviours from universities
- Generating higher commercial income from spin-outs and/ or research funding as wealth-generators for Scotland
- Reputations as academic communities of excellence
- The balance and cost-benefits of funding from the Scottish Funding Council for research pooling and knowledge exchange activities
- The implications for charity, privately or part-privately funded intellectual property and EU funded research, which may have particular conditions attached
- Ensuring that, following licensing, universities still have the freedom to undertake ongoing research activities and additional funded research
- Competition issues among universities

60. With our cross-sectoral membership, SCDI has instigated discussions between universities and businesses on this issue and will continue to play a constructive role. We would be pleased to work with, provide a forum for and research business views on behalf of a wide range of government, academic and industry partners to help identify the optimal structure and policies on this key question and opportunity for sustainable growth for the Scottish economy in the future.

61. Following the announcement by the previous UK Government of its intention to double Knowledge Transfer Partnership (KTP) activity and introduce shorter KTPs, limits to funding in Scotland should be addressed to further encourage links between university and business research. This should also make KTPs more attractive, particularly to SMEs. Academics should be supported to participate directly in spin-offs without compromising their academic careers,

start thinking commercially at a much earlier stage in the innovation cycle and build more concentrated communities of entrepreneurs and academics, helping to secure additional talent.

62. Students should also be able to benefit from the concentration of global research expertise within Scotland's universities. Further work must be undertaken to ensure that cutting-edge research developed in Scotland can have a direct translation to the quality and depth of education delivered in universities.

Fair and Affordable Student Support Arrangements

63. As previously mentioned, providing education to all who can benefit from it, irrespective of background or circumstances is a key mechanism for ensuring that Scotland's education system delivers for individuals, communities and the economy. Student support and funding arrangements are central to access to education.
64. Student funding should not pose disincentives for students to study flexibly. This is particularly important if students choose to change their mode of study (due to a change of circumstances or otherwise) during their time in education. SCDI welcomes the proposed development of part-time funding proposals to support those students for whom part-time study is the most appropriate means of gaining new skills.
65. Postgraduate level qualifications are increasingly important in the global marketplace. Life science and oil and gas companies increasingly require postgraduate level skills to compete. It is important that more students are supported to enter postgraduate education and SCDI welcomes the proposed review of postgraduate student support.
66. Funding changes must support those students already in education and wishing to apply for a further more advanced course; students have already applied for courses for 2012-13 entry, and need to be assured that they will be supported by the funding mechanisms that will be in place by the time their course commences.
67. It should be noted that moves to make Scotland's post-16 sector more flexible may inevitably make navigating the sector more complex from a learner perspective. This is particularly the case with student support, and especially so at the point of interaction between student support and the benefits system. Care should be taken to ensure that advice and guidance is provided to potential students at the appropriate time to ensure learners are not deterred from education by the complexity of the funding landscape or not being able to easily understand the range of funding and support options available to them.

Effective and Sustainable Delivery

68. SCDI broadly welcomes moves towards the regionalisation of college provision and a needs-based funding model. We wish to ensure that all parts of Scotland, especially the most deprived areas, continue to receive a high level of college provision, matched to local employer demands.
69. SCDI is, however, concerned by the pace of change proposed in the consultation document. Colleges have already planned their 2012-13 curriculum, issued prospectuses and processed student applications. Uncertainty over the likely make up of the college sector in such a short time is likely to cause considerable problems for colleges and could lead to a reduced quality of experience for learners. The transition to a regionalised approach should be planned carefully before commencement.
70. Whilst facing substantial budget reductions, SCDI is also concerned that colleges do not have sufficient resource for the development of a regionalisation / merger agenda whilst offering high-quality education. Regionalisation can deliver efficiencies, however this must not come at the expense of the quality of education delivered to learners.
71. In the university sector, we believe more caution should be applied as each university is already a major regional, national and international player.
72. Science, technology, engineering and mathematics (STEM) subjects are particularly important for Scotland's future growth and necessary to rebalance and internationalise the economy. It has been estimated that the UK economy will need 2.4m people to work in scientific occupations by 2014. SCDI believes there should be no limit to the recruitment of students in STEM subjects. The Scottish Government and Scottish Funding Council should request industry input from the demand side on future decisions about places. There should simultaneously be a concerted effort to promote STEM subjects in schools.
73. Language learning including ESOL and EFL is an important part of Scotland's post-16 provision. This should be located so as to meet the needs of communities where English requires to be taught, specifically involving employers in its provision and ensuring private providers can engage in ESOL and EFL delivery.
74. SFC and Scottish Government must apply caution when considering overlaps in provision between institutions. For example, two universities in the same city may both have a department known as the Chemistry Department, however when investigated more closely, both may be adding significant value in completely different areas of the subject. It would be unwise to force amalgamations in this scenario.

75. Use of new technology in learning has been pioneered by the Open University and more recently by UHI. These models should be celebrated as innovative approaches to education. New technology coupled with increasing access to broadband internet presents many opportunities to deliver flexible and tailored education to meet the needs of specific communities and employers.

Simplifying Funding and Increasing Income Generation

76. SCDI has previously expressed concern that following the increase of the fees cap in England, the competitiveness of Scottish universities will be eroded. This could lead to staff being poached by England, Europe and North America, and a decline in academic quality. As a minimum, Scotland should be aiming to close the funding gap between Scottish and English universities in a solution that delivers in both the short and long term.

77. SCDI does not believe that the Scottish Government has yet secured the long-term financial stability of Scotland's universities. It is crucial that decisions are made now to ensure the long-term competitiveness of Scottish higher education and continue to provide a sector which is able to offer a high-quality experience to students from all backgrounds across Scotland and attract the best and the brightest from around the world.

78. Furthermore, SCDI is concerned by the scale of budget cuts experienced by Scotland's colleges, despite the proposed regionalisation of colleges. Colleges are vital for the economic success of Scotland – particularly important during a period of high unemployment, and youth unemployment. SCDI calls on the Scottish Government to direct future Barnett Consequentials to colleges, to ensure high quality of provision is maintained and to develop the skills that Scotland will need when the economy returns to growth.

79. In December 2010, SCDI published a series of budget principles² that we believe should be applied to decision-making by the Scottish Government and Parliament and by business and civic Scotland. A number of these principles are relevant to the debate on education funding:

- Increasing sustainable economic growth is now an even higher priority for the Scottish Government and public services
- Scottish budgets should ring-fence priority outcomes, rather than departmental budgets
- The core functions of public sector bodies must be identified and resourced. This represents an opportunity to develop new models and partnerships for public service delivery.

² SCDI Budget Principles, www.scdi.org.uk/pi/2010/SCDI_Budget_Principles.pdf

- Public spending should be subject to a 'Scottish Exports Test'
- Scotland's public spending should be reviewed to ensure inter-generational equity and funding to create new education, training and job opportunities for young people

80. SCDI wants to see public funding remain at the centre of Scotland's education offering. It is increasingly clear, however, that public funding and the income from international students alone will not be sufficient to sustain world-class universities and colleges in Scotland. The focus of discussions must be on how funding can be found to maintain a competitive post-16 sector.

81. In light of this, SCDI believes a graduate contribution for those who can afford it must be considered. Any form of contribution used should maintain Scotland's ethos of an inclusive and accessible sector that does not discriminate or exclude access to education for future generations of young people. As outlined previously, both institutional funding and learner support should be examined to ensure they reflect the shift to increasingly flexible delivery.

82. SCDI would be concerned if a specific business contribution to the costs of education were to be proposed. Scotland is competing with countries across the world to be a place for companies to set up offices and manufacturing facilities. The prospect of creating financial barriers for businesses based in Scotland to employ Scottish graduates would place Scotland at a considerable competitive disadvantage with the rest of the world and potentially damage Scotland's economy as a result. Any specific business contribution would not be appropriate for Scotland's SME-based economy; some businesses employ only graduates whilst others employ none.

83. The Scottish Government should also consider how to maximise the reputation, profile and impact of Scotland's education institutions internationally. This could include a umbrella brand to pool international student recruitment resources. Research pooling is a Scottish success story which must be promoted on the international stage.

84. International students are of great benefit to the economy. In Scotland alone, research by the University of Strathclyde estimates that international students contribute £188m directly to Scottish universities (more than 16% of universities' total teaching income) and contribute a further £321m to the Scottish economy in other expenditure. Across the UK, the market for international students is worth £2.9 billion to universities and another £2.3 billion in accommodation, food and entertainment spending. Recent proposals from Westminster to tighten the international student immigration system could prove very damaging to Scottish higher education. The Scottish Government must work with the HE sector and the UK Government to ensure that Scotland remains open for business in the extremely valuable but increasingly competitive market for education delivery to international students.

Performance, Governance and Accountability

85. SCDI believes that institutional governance is a matter best left to institutions to decide.
86. However, SCDI supports the current practice common to colleges and universities of engaging local private sector expertise in autonomous governing bodies. We would be very concerned to see direct Ministerial involvement in decisions on chairs of governing bodies, particularly given the potential impact this could have on colleges' charitable status.
87. SCDI want to see the development of existing good practice where industries in key growth sectors are represented on curriculum advisory boards across institutions.
88. Further, SCDI wishes to see opportunities for colleges and universities to move closer together and would be concerned by governance proposals that would move universities and colleges further apart. Governance arrangements should be such that models such as UHI can continue to develop, whilst partnerships such as exist between Robert Gordon University and Aberdeen College can continue to flourish.

More Information

89. SCDI would like to continue to engage in this debate. We would welcome further engagement from government and institutions as this process develops and legislative options are put forward.
90. For more information on this response, or to discuss this consultation in more detail, please contact James Alexander, SCDI Policy and Communications Manager on james.alexander@scdi.org.uk or 0141 222 9728.

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