



The Scottish Parliament
Pàrlamaid na h-Alba

James Dornan MSP
Convener,
Education and Skills Committee

**Public Audit and Post-legislative
Scrutiny Committee**

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Dear James,

At our meeting on 2 February 2017 we questioned the Cabinet Secretary for Education on two Auditor General reports: the ‘Audit of higher education in Scottish universities’ and ‘Scotland’s colleges 2016’.

We had already taken extensive evidence on the reports’ recommendations from, amongst others, Scottish Government and Scottish Funding Council accountable officers, recognising that they are personally responsible for the economic, efficient and effective use of related resources.

However, we considered it important also to question Mr Swinney given that various fundamental policy discussions are underway that could significantly affect the funding and performance of the higher and further education sectors.

I know from your contribution to the recent chamber debate on education and skills organisations that you are keen to encourage co-ordination of work between parliamentary committees. We agree and consider that the Education and Skills Committee has the expertise to scrutinise in-depth the key outstanding policy questions from our evidence session.

Various issues, including some that will definitely have implications across your remit, are set out in the annexes below for your and your colleagues’ consideration. We trust that these issues will be incorporated into your future work programme as appropriate, as they fully merit further detailed scrutiny by your committee.

The committees do, of course, share two members, who will be well placed to ensure that progress is made.

I hope this is helpful but please let me know if you would like any further information.

Yours sincerely,

Jenny Marra MSP
Convener of the Committee

Audit of higher education in Scottish universities

We highlight the following points—

Scottish Government funding for teaching

In response to paragraph 61 of the Auditor General's report¹ we asked the Cabinet Secretary whether public funding for teaching was intended to cover the full cost of teaching both Scottish and EU students.

The Cabinet Secretary replied that "The funding council takes into account the overall financial health of institutions in determining the decisions that it makes in financial allocations."

We probed this point as we were aware that the Scottish Funding Council told your predecessor committee that "... we do not allocate funding based on universities' overall incomes from other sources."²

The Cabinet Secretary reiterated at various points that the SFC takes into account the financial health of individual institutions in making financial decisions. However, it is still not clear to us whether Scottish Government funding is intended to cover the full cost of teaching for Scottish and EU students.

Your Committee, in considering this issue, could also seek an explanation from the Scottish Funding Council for this apparent shift in policy; its intended benefits; and whether it has been clearly communicated to the sector.

Demand for places

The Scottish Government has a long-standing commitment that access to higher education in Scotland for Scottish-domiciled students should be on the basis of ability to learn.

We therefore questioned the Cabinet Secretary about paragraph 95 of the Auditor General's report, which stated that, of the 47,710 Scottish applicants who applied to Scottish universities for undergraduate and teacher training courses in 2015,

- 8,885 applicants did not receive any offers

¹ "The SFC assesses the cost of providing teaching for Scottish and EU students and sets a price it will pay for each funded place based, in part, on the budget available ... The price paid does not directly reflect the actual cost of the activity in each university. It is not clear to what extent the public funding of Scottish and EU students is intended to cover the costs of their teaching."

²http://www.scottish.parliament.uk/S4_EducationandCultureCommittee/Public%20bodies/SFCSFCFollowupIN20151124.pdf

- 8,160 applied but did not accept a place (there is “no comprehensive information available to identify [their] outcomes”.)

The Cabinet Secretary highlighted that more Scotland-domiciled students are gaining entry to university and stated that “not everybody who wants to go to university can do so”³.

Scottish Government officials have separately told the Committee that they would, in essence, consider whether more could be done to address the Auditor General’s recommendation that the Scottish Government and SFC should publish research on trends in applications, offer rates and acceptances for Scottish university places⁴.

There has been a long-standing expectation that a pupil who performs sufficiently well at Higher level will be able to study at university. If this link is weakened it may have potentially significant implications for pupil choice and performance at school, and raise questions for some students about the purpose of studying Highers. The Education and Skills Committee will wish to consider such fundamentally-important issues as well as monitor Scottish Government efforts to improve data on university places.

Some other areas arose in our scrutiny that you may wish to explore in more detail—

- We asked the Scottish Government how much it would cost for all sufficiently well-qualified Scottish-domiciled students to access free higher education within a Scottish university. The Cabinet Secretary’s written submission explained why it would be difficult to provide such an estimate⁵. However, Audit Scotland has previously provided similar information in response to a committee request, albeit caveated;
- Similarly, we asked the Cabinet Secretary to provide a detailed analysis of the possible costs associated with the Scottish Government’s policy of widening access. The Scottish Government did not provide such an update, but noted the view that progress would not simply rely on additional funded places, and that existing resources could be used more effectively⁶.

Scotland’s colleges 2016

We highlight the following points that your committee will wish to follow up—

- The Cabinet Secretary committed to working with the Scottish Funding Council to consider how its regulatory role could be made more effective; this was after members pointed out that while the Council has the ability to withhold funding, such a penalty would not benefit the students at the institution in question;

³ See column 29.

⁴ See page 3: [http://www.parliament.scot/S5_Public_Audit/2016_09_29_SG - PAC_response_WEB_VERSION\(1\).pdf](http://www.parliament.scot/S5_Public_Audit/2016_09_29_SG_-_PAC_response_WEB_VERSION(1).pdf)

⁵ http://www.parliament.scot/S5_Public_Audit/2017_01_19_DFM_response_web_version.pdf

⁶ http://www.parliament.scot/S5_Public_Audit/2017_01_19_DFM_response_web_version.pdf

- Given the changing balance between part time and full time course provision in colleges, it may be worth exploring whether there are differences in levels of achievement between part time and full time students and, if so, how these could be addressed;
- The Cabinet Secretary also committed to examining whether reductions in college attainment and retention may be linked to efforts to target harder to reach students. He noted that “If we are now succeeding in reaching people who are harder to reach, one reason why there is a slight change in the drop-out rate might be that those people might need more support than is currently being put in place.”⁷

The following points have implications for the wider education system—

- We asked the Scottish Government for an analysis of whether the public funding of early years, school education, college-level education or university-level education delivers the best return in terms of narrowing educational inequalities, and whether public sector budgets were funded accordingly. The question was not fully addressed;
- We discussed the potential implications for further and higher education, in terms of places and financial demands, should the Scottish Government succeed in its ambition of closing the attainment gap at school. While the Cabinet Secretary said discussions were ongoing with the sector, we consider there would be merit in undertaking more detailed modelling or scenario planning on this issue now;
- The Auditor General’s report showed, in paragraph 39, an increase in the number of college students from the most deprived areas (to 22%). In response to whether that trend could continue, the Cabinet Secretary said “I would certainly welcome further progress being made by the college sector in that area.” We use this example to highlight the broader point that there are various targets across the education sectors, and it will be important to ensure that all such targets are coherent and mutually achievable.

⁷ See col 41: http://www.parliament.scot/S5_Public_Audit/OfficialReport2Feb.pdf