

Scottish Affairs Committee

Oral evidence: [Universities and Scotland, HC 673](#)

Wednesday 11 November 2020

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Members present: Pete Wishart (Chair); Mhairi Black; Andrew Bowie; Deidre Brock; Wendy Chamberlain; Alberto Costa; John Lamont; Douglas Ross; Liz Twist.

Questions 59 - 93

Witnesses

[I](#): Karen Watt, Chief Executive, Scottish Funding Council; and Dr Stuart Fancey, Director of Research and Innovation, Scottish Funding Council.



Examination of Witnesses

Witnesses: Karen Watt and Dr Stuart Fancey.

Q59 **Chair:** Welcome to the Scottish Affairs Committee and the latest session of our inquiry into universities and Scotland. Today we have the Scottish Funding Council. I will let them introduce themselves, accompanied by a short statement, if necessary.

Karen Watt: Thanks very much, Chair. Hello, everybody. Thank you very much for the opportunity to speak to you about the financial challenges facing Scotland universities. My name is Karen Watt. I am the chief executive of the Scottish Funding Council and I am joined today by Stuart Fancey, who is our director of research and innovation.

We invest about £1.9 billion every year in Scotland's colleges and universities, in learning and teaching and in research and innovation. We see our 19 universities as real national assets and, alongside colleges in our connected tertiary education system, they provide Scotland with a hugely important pipeline of skilled people. They also make the research breakthroughs that will solve some of the big health, social and economic challenges of our time, including Covid-19. They are also very important anchor institutions in their local communities. They employ almost 60,000 staff. They generate £11 for every £1 of public investment we make, and their international reputation attracts talent and investment. They are going to help us survive and thrive through a global pandemic and help our economic recovery.

But Covid-19 does present a very unique and significant external shock to the system. It is leading to massive challenges for students, for staff, for funders like us and for Governments. Some universities were already facing challenges before Covid-19. There were pressures on public funding and vulnerabilities around international competition. There were a range of challenges already there. We are now working on two speed dials: how we deal with this immediate crisis and the consequences of a global pandemic; and then where we go into the future and how we think about future sustainability beyond this year and next.

Universities are complex businesses. They are very diverse, but they matter hugely for our social fabric, for the way we lead better lives and for our economic success. Our mission is to make sure they can adapt to the new circumstances we find and they continue to play that essential role for years to come.

Dr Fancey: I am Stuart Fancey, the director of research and innovation at the Scottish Funding Council. I will not make any further statement. I think Karen has covered the ground.

Q60 **Chair:** Excellent. Thank you both ever so much for those very concise and helpful introductory remarks. Obviously you are here today to try to help us understand a little bit better some of the range of financial issues



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that underpin our universities, colleges and the whole higher education sector. We will kick things off with a general question, and you may want to bring in some of the issues that you have had to confront with Covid in how you answer this. In your view, how sustainable are the current funding arrangements that are now in place for the higher education sector in Scotland?

Karen Watt: I guess you could look at it through three different lenses if you are looking at sustainability. You can think about individual institution sustainability, then you can look at the system of further and higher education skills and research, the quantum of money in the system and how all the players work together. Then you can look at it through the lens of what other players are doing to help sustainability and how we influence that.

I will stick, in opening terms, to individual institution sustainability. I would say universities are very complex, so understanding how our funding interacts with their whole business model and the decisions they make themselves is quite complex. Some organisations are in a better and stronger position from the outset; they are all very different. Our funding represents about 30% of the whole sector's total income, and the reliance on our funding varies very much below the surface of that 30%. I know you were talking to a representative from the University of the Highlands and Islands, for example. It relies quite heavily on our funding—69% of its funds come from the Scottish Funding Council—whereas the University of St Andrews has a very low reliance, at 15% of total funds. When you ask about sustainability in our funding model, it is worth bearing that in mind.

On the positive side, despite all the challenges, we have still managed to maintain investment at around £1.2 billion in university teaching and research at fairly consistent levels over the last few years. Despite what is a very significant reliance on international students—that is around 17% of the sector's total income—some of the figures we are finding now, even through the pandemic, are maybe not quite as dire as we had predicted early on. In April we were predicting quite significant challenges. I am not saying those challenges are small by any means, but it is slightly less dire than we had predicted at the outset. It is still fairly fluid.

Lenders are still seeing the sector as a relatively low-risk sector. We are seeing some improvements in some of the projections since April. We still have three universities in the top 200. That being said, sustainability is very challenged. All of our universities are challenged across all the indicators that we monitor. There are some underlying deficits that are coming through. Not all institutions have met their international student fee targets and there are big cost pressures coming, particularly around employer pension contributions and suchlike. That would be my opening sense of the range of issues that are under the surface.

Q61 **Chair:** I am just looking at the Audit Scotland report into the finances of



Scottish universities. Something that surprised me, and it perhaps should not have—maybe you could explain what this means and how significant it is—is that tuition fees replaced SFC grants as the largest single source of income for the sector in 2017-18. Obviously it is from Audit Scotland, so that is the case. How have we come to this? Does this present any risks? We will talk about tuition fees and their impact as we go forward, but could you talk us through how we have managed to get to that particular balance and what the significance of that is for the higher education sector?

Karen Watt: Our funding is still relatively consistent and stable, but institutions have probably made decisions themselves about the business and the model they wish to pursue. I would say that, over time, we have seen an expansion of higher education. Some institutions have grown. That has meant that their ability to draw in international student fees and where they have also pursued other non-teaching and commercial activity, that has grown. Those elements of their income have been more important in cross-subsidising some of the learning, teaching and, probably to a large extent, quite a bit of our research in Scottish universities. Those other income sources have, over time, become more important, and they have therefore cross-subsidised some of the public investment that they have received from these other income sources. I would say it has been a gradual shift over a number of years, but that is the way the sector has been developing.

Q62 **Chair:** As a result of that, do you anticipate any change to the learning, teaching and research in Scotland if the current funding model was to continue in its current form?

Karen Watt: In a way, I think that is why we have been asked by Scottish Ministers to review what is a sustainable sector in the long term, not just in terms of universities, but colleges as well. We need to look at it in the round. It is an interconnected system.

What we found in the first phase of our review is that people recognise we need to have a better debate about how many students we want to see going through the system and what contribution we want universities and colleges to make to economic and social recovery, unemployment and the issues that are going to come through recovery from Covid. If you were asking just about learning and teaching, I would say there is a huge appetite to explore what a more interconnected tertiary system would look like, how we could look at flows of how students move between college and university, how we think differently about how our funding might shift over time, whether we have the right balance between college and university funding and whether the unit of resource is appropriately funded.

There is a mix of things that I would put into that answer, but part of phase 1 of our review has been very much exploring that question about what is in the mix for the future, and those are some of the ingredients.



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Q63 **Chair:** When do you expect this review to be concluded? Obviously Scottish Ministers have asked you to conduct this. When could we expect to see something?

Karen Watt: We published our first phase report last week or the week before. That is a fairly important staging post. We had a call for evidence. We had over a hundred submissions, hugely interesting submissions from across Scottish public life, as well as institutions themselves. That is out, that is published, along with every submission we received and some background information and resource.

The next phase takes us through to around February time. That is going to concentrate a lot on research, innovation and taking some of these threads through, including how we fund apprenticeships and other models of learning and development. The final phase will take us through probably into early September.

Q64 **Chair:** Dr Fancey, do you have anything to add to all that you have heard?

Dr Fancey: Karen identified two important features in the research space that I will expand on. One is that universities are complicated and varied, and the complication means they have internal flows of subsidy from their activities as they develop their own strategies. Secondly, in the research space they are no less varied than they are generally. Sources of research funding vary enormously. The scale of research activity varies considerably. Again, the Scottish Funding Council is one part of the turnover of universities in the research space in Scotland, about a quarter or so, with UKRI giving us another quarter, and the remainder coming from a variety of sources, including research charities, businesses and the like.

As universities have developed their strategies in research, the question of how sustainable they will be under the pressures that Karen has outlined, of course, also varies. I expect we will see some pressures on some universities. For example, universities that have a high reliance on medical research charity income are particularly concerned about the potential for the ongoing suppression of the availability of funds. We do not yet know entirely the turnout of the international student situation, so that position remains fluid.

Where research has a particular feature compared with the generality of university finances is that it is not operated in an entirely devolved manner. As I have already mentioned, we share that dual support system, as it is called, with our colleagues in UKRI and with other funders such as research charities that operate on a UK-wide basis. Consequently, as we look forward in our review that Karen has outlined to the ways in which we should adjust our use of Scottish resources in Scotland to support research, we do that in both the knowledge of and in partnership with the potential evolution of UK strategies for research support, as evidenced in the research and development roadmap and one



or two other sources of strategy. That partnership will be a feature of our review.

Q65 John Lamont: Good afternoon, Ms Watt and Dr Fancey. My first question is an add-on to what the Chairman has just been discussing with you in respect of the existing funding model. How well does that funding model serve students from the poorest backgrounds?

Karen Watt: At the minute, we have set some very stretching targets for widening access from some of our most disadvantaged communities. What we have been seeing is a fairly steady and very positive drive in meeting those targets. It is not just our funding model, which provides a premium for any additional costs that are associated with both supporting and helping people from more disadvantaged backgrounds to access universities. We have premiums built into our model that accommodate that. Universities, on top of their core grant, will get some additional money to support them in doing that.

What we also have are a series of outcome agreements that we agree with each individual institution. We fund places on the basis that they will meet certain targets. I would say we are making very good progress on that. The widening access commissioner has commented that, at the minute, about 15.9% of entrants came from some of our poorest communities in 2018-19, so we are only 0.1% away from meeting our 2021 target. I would say that, in the round, there has been very good progress over a number of years and that, with a mixture of core funding, some premiums to support widening access, but also with a very strong push from ourselves, Government and their commitment on this, and the widening access commissioner, we are close to meeting our 2021 target already.

Q66 John Lamont: That is very good news, but is that progress at risk because of the current challenges that we face?

Karen Watt: It is a very good question. One of the things that we are acutely aware of is that the impact of Covid is not an equal impact. It has very significant issues for particular minority groups, for people who are already struggling and for communities that are already facing hardship. We will be constantly monitoring this. In fact, we are getting some additional returns from universities to make sure that we recognise very strongly that it is not just a question of accessing it, it is being able to succeed in your studies and be supported. Where we have had an increase in student numbers this year, partly because of the change in the SQA exam methodology, we are acutely aware that supporting students who are going into university is now at a premium. We are very closely monitoring retention rates, any significant dropouts and how that might work over time. I would say that institutions are now investing much more in supporting students, particularly from non-traditional backgrounds, and we are measuring that. I suspect now more than ever we are acutely aware of that.



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I should also have said that we are putting as much energy now as we have done before into particularly accessing some of those research-intensive institutions for people from disadvantaged backgrounds. We have particular programmes that we are still funding through the crisis and beyond. Where we work with high-demand professions, we try to get pathways and slipstreams through for all of that. It is still a concern and something we would have a very close eye on.

Q67 John Lamont: Moving on and thinking about the support you have received from the UK Government—you touched on this earlier in terms of UK-wide funding to universities in Scotland—what has your assessment been of that support?

Karen Watt: There are two main areas for how the two Governments work together and how we work with the UK Government. The first is the application of the general business support packages that have been available to universities, and the second has been the special measures to protect the research and science base.

When we have been looking at the general support packages, so the job retention schemes, we have been encouraging universities to make sure that they take advantage of those where they can including, where appropriate, some of the loan schemes that have been available from the UK Government. My understanding—and we are collecting data on this—is that there has been a fairly low take-up on the loan schemes, but much more on the job retention scheme.

The other big chunk of work with the UK Government has been about protecting the research and science base. We were part of the UK research sustainability taskforce. We were involved in UKRI's costed grant extensions, which were very important to make sure that we were keeping some of the staff costs in universities stable. We had some funding around world-class labs so, again, how we make sure that the scientific infrastructure is maintained during this crisis has been very important.

The last bit of this has been around what we are calling the SURE package, this research expertise package, where we are looking at a mix of loans mostly and funds. Those are the two big areas that we have been most active on with the UK Government.

Dr Fancy: As Karen said, we have been involved in several of these support areas around research and continue to be so. I would characterise the relationship between the Scottish Funding Council, our counterparts in other funding bodies across the UK and UK Government as being very active and very productive. We have been welcomed into co-designing, for example, the SURE fund, and we have been very active in helping to ensure that the mechanisms being designed will land well in Scotland, as they should in every part of the UK, if that is their intention. It has been a very active period of working between the officials of various Departments. It is hard for me to speak for the Governments, but



from officials it has been an extremely active partnership over this recent period.

Q68 John Lamont: Lastly from me, is there a danger in all of this that, in terms of the support from both the Scottish Government and the UK Government, the bigger or more established universities are going to get the lion's share of that support and perhaps newer or smaller institutions in Scotland are going to struggle in both where they find themselves now and also, looking forward to the future, how sustainable they are?

Karen Watt: We are very alert to that, in the way that we are very close to the 19 universities in Scotland. If there are issues that are emerging, we are already monitoring and closely working with them. The perverseness of the Covid crisis is that some of our biggest and some of our more ancient and established universities are the ones that have been most exposed, partly because of their international fee income and partly because of the way they have structured their businesses. You have this odd thing. In normal times, we are most concerned to track the modern universities and some of our smaller ones because they are most vulnerable to changes in public investment. What we have now is a situation where some of our larger, more established institutions are much more challenged about their business model and about some of those exposures on international and commercial fees.

I suspect it is a balance. I don't think our funding model does anything other than support small institutions and some of our modern and other institutions. For us, the differentiation in the system really matters. It matters that we have the variety that we have in the system, that each plays their own part. That is how we come to that issue about size and scale.

Q69 Mhairi Black: To our witnesses, I appreciate your giving us your time. Could you tell us a wee bit about how well the UK and Scottish Governments have been co-ordinating their funding support for the universities? Has it been fairly simple?

Karen Watt: Anything that has an intergovernmental connection probably always needs a fair bit of work to make sure that the connections are there. As Stuart said earlier, on an operational level we work very closely to make sure those connections are made. The aim is always to develop policies that work together where they possibly can. We are much more embedded in some of the UK Government's approaches to policy development, particularly on the research side because it is a dual funding model, rather than the learning and teaching side, which is entirely devolved. It is something that requires constant attention, because we cannot always assume everybody has particular Scottish interests at the top of their mind and we cannot always assume that everybody understands the devolved settlement. For us, it has been about making sure people understand Scottish interests, making the connections where we can and making best use of the networks and the opportunities we have to make sure those connections work.



As Stuart said, on an operational level we are very involved and we make the most of those connections. We meet the Scotland Office on a monthly basis. We meet the heads of the three other funding and regulatory bodies across the UK exceptionally regularly. Stuart is on a variety of UK-wide research groups, including the Research Excellence Framework. I guess it works well on an operational level, but it requires constant vigilance and energy, making sure that people understand different perspectives.

Dr Fancey: As Karen said, it works very well operationally. In practice, we have seen some very fortunate and, I am sure, partly planned sequencing over the last three or four months. For example, the Scottish Government were relatively quick to make available additional research support for the Scottish universities, recognising the immediate challenges of losses of income and the risk that that posed to researchers, particularly early-career researchers. The investment of £75 million by the Scottish Government came relatively early, and the support that then came through UKRI for costed grant extensions and, now, from BEIS to the SURE fund is following on. From the point of view of Scottish universities, the timing of the two Governments' support, particularly in the research space, is working out in a way that is probably quite good.

Karen mentioned the co-ordination between the two relevant Ministers in the UK Government, the Science Minister and the Universities Minister, and the relevant Ministers from the devolved Administrations in thinking about the challenges to research. It was very much appreciated, and I think it has done some good at a political level, but that is not something I can comment on.

Q70 **Mhairi Black:** That is very useful information, thank you. You have answered my second question, so I will finish with this. Is there anything that could be done to improve the co-ordination between the UK and Scottish Governments so that you do not feel the need to be constantly vigilant, as you say?

Karen Watt: There is always a question about representation. There will always be a question about not only how we make sure, particularly in the universities sphere, that Scottish universities are well-represented in particular forums, but also when it comes to UK bodies that there are Scottish representatives around the table at the right sort of decision-making points as much as anything else. Again, that is work in progress. We have people from Research England and HEFCW as observers on our board, but we are also very acutely conscious that, when vacancies or places on other kinds of committees and structures come up, we are gingering up the field and making sure that, if Scottish interests are not formally represented, we are getting our networks energised. I suspect there will always be work to be done to make sure that that is in the right kind of place.

Q71 **Andrew Bowie:** Thank you very much, Karen and Stuart, for joining us this afternoon. It has been fascinating listening so far, and I am sure we



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will get a lot from it as we move towards compiling our report.

I am going to focus on what the Scottish Funding Council has described in its recent report as the emergency years of 2020 to 2022. In the report, the Scottish Funding Council states, "We need to find the right balance in that flexibility to continue to seek appropriate assurances on delivery and accountability for public investment." How do you think the SFC will seek to find that right balance, and how will the SFC, in doing that, continue to support the universities sector in the next two years in light of the pandemic and the unknowns that we are still to deal with over the next few months and years?

Karen Watt: There are many unknowns in our environment at the minute. It is very complex and very challenging. In these emergency years, for want of a better phrase, we have four big chunks that will matter to us. We have to get health and safety right in terms of public health, students and how that works. Then there are chunks around flexibility and support, economic and social renewal, and funding clarity and stability. Those are the big four chunks to which we are trying to bring the right kind of perspective.

Our main focus initially, and even now, has been on bringing as much stability into the sector as we possibly can. We were very quick to say, "Here are your allocations for the year" so that you have some form of planning ability and very speedy consistency in your funding landscape.

Secondly, we said that this is going to be a very tough year, so if there are shortfalls through underrecruitment, overrecruitment or whatever it is and it is Covid-related, we are quite flexible about not taking back public money quickly, but looking at what the challenges are in each of the institutions and making sure that we embed that investment so institutions can manage the crisis as it currently is with the resource that they might need.

That has meant that we have been very flexible. We stopped immediately asking for some of our more routine, shall we say slightly more bureaucratic, returns, and we streamlined some of the material that we would usually ask for. We slimmed down our outcome agreements and our processes to make sure we were enabling the universities to have an absolute focus on the frontline and what they needed to do.

You ask whether we have the right balance and, of course, this is a constant issue for a funding semi-regulator to get right. I would say we get that balance right by constantly testing and checking in with the Scottish Government and Ministers about whether we are doing what, in public accountability terms, they would expect us to do. We have a board that holds the executive to account and is constantly asking about that balance between flexibility and accountability. We have regular check-ins with the sector.



We are taking the temperature on where some of the pressure points are, where some of the additional burdens that we put in are and where some of the flexibility is that would make a real difference to how they deliver their services. I guess it is a professional judgment about how those pressure points and the adaptations that we have made are working and, ultimately, whether we have managed to get funding stability and some certainty in quite uncertain times. That is the balance we have been trying to strike as we have been operating over the last short while.

Dr Fancey: I will take it in a different direction, if I may. These emergency years are emergency years for the universities sector for sure, but they are also likely to be emergency years for the rest of our economy and for many of us in society as well. In addition to thinking within the Scottish Funding Council about how we use our influence, our capacity to be flexible and our resources to support the universities sector, we also need to be thinking and are thinking about how we help the universities sector to make a contribution to society and the needs of society. We saw, from the very first day, how quickly universities moved their research effort towards Covid and towards the work that needed to be done, how quickly they moved to doing research and practical development of PPE, equipment and so forth, and how they made themselves available.

Over the coming year or two, we also need to think about how we help universities to be particularly supportive of what society will need, which might be research. We have many problems that Covid is throwing up socially, medically and so forth. It is also about creating jobs and supporting the economy. We will be acting very firmly in these next two years to see what universities can do for society, as well as how we support universities themselves.

Q72 **Andrew Bowie:** Both of you have answered my two following questions about striking the right balance, flexibility and the priority areas for funding and investment, so I will cheekily ask another question.

You have talked about the emergency years of 2020 to 2022. Obviously that is two years. We are all very hopeful that, as the science proceeds, we get a vaccine onstream and we get it rolled out to the country, we can go back to normal sooner rather than later. However, of course, we all know that that is fraught with risk and there are no certainties in this whatsoever. How long could the SFC and Scottish universities continue to operate like this in the emergency scenario we are all living through right now? How long could we continue to run the Scottish Funding Council's model in this emergency way, and how long would universities be able to survive without us having to think deeply about how we fund the universities sector in the long term, if we are stuck in this for longer than any of us wish to be?

Karen Watt: It is a good question, because we were hugely conscious when we used the term "emergency years" that it had an s on the end of it. That is not a statement about how quickly we may get a vaccine or



how much we will do to make things as normal as we can for students and staff in universities. It is more an acceptance that the decisions we make now and the way we intervene now will also have a consequence in other years. For example, not only has there been a change in the number of domestic students that Scottish universities have been asked to take in, but that will create a tail of an additional cohort of students who are already in S5 or S6 with offers.

We have called it “years” because some of the consequences will flow over into other years. We are also conscious that, regardless of what best efforts there are to normalise our economic situation, there are likely to be spillover effects from companies that need support to survive. There will probably be cohorts in Scottish society that still need support to get either a path to full employment or to some form of productive study, reskilling and upskilling. In a way, that is why we have talked about these years in those sorts of ways, because there isn’t just one year, there will be other spillover effects.

The point of doing this review is to look beyond these two years. Even though I think people’s headspace is utterly in dealing with the pandemic, we have to have a parallel strand that is planning for years after 2022-23. That is the point of what we have been trying to do in terms of even starting a debate about those years.

Q73 Deidre Brock: Thank you to you both for coming along to the session today. It has been very interesting so far. Dr Fancey, you mentioned the medical and social problems that you are having to deal with, but at the same time, Ms Watt, you mentioned that you are trying to make things as normal as possible for students. Given the possibility of further lockdowns, and we are all hopeful that that will not happen, but this is always a possibility—I should declare an interest as the mother of a university student now—what discussions are you having in the sector about retaining academic rigour and supporting the skills that we all hope our young people will develop under social distancing rules?

Karen Watt: What we have seen, as Stuart said, is that universities had to pivot very quickly to adapt their learning and teaching offer. We saw from the middle of March this pivot into online delivery. It is not a Scotland-shaped issue; it is a UK and worldwide issue. If you are talking about standards and quality, we have some exemplars. The University of the Highlands and Islands and the Open University are very good at sharing practice, and there has been massive learning happening over this time.

As a funder, we get other quality assurance agencies to make sure that standards are maintained. Nobody is going to say that a student’s experience today is necessarily what you would want in the round, but what we have seen is an extraordinary shift into quality online provision. The Quality Assurance Agency in Scotland is there to make sure that those standards are upheld. We also fund Jisc, which supports the digital infrastructure in Scotland. It conducts surveys of students; it looks at the



digital experience; it looks at what is happening online. At the minute, we are looking at face-to-face teaching of probably between 20% and 40%—of course that differs in institutions, but it is around that—so a lot of teaching is online.

You will see in our review that one of the big issues for us is how you capitalise on that digital transformation. The student experience has shifted very rapidly over this period of time. How do we keep ahead of that? Some form of blended learning seems to be what students are looking for. They want the whole experience. I think this period where we have seen such a rapid transformation will affect the way learning and teaching happens in future years, regardless of where we get to in recovery terms.

Q74 Deidre Brock: In some ways, this could be quite transformational for the sector. The sector has to be ready to deal with that, if that is what students are looking for.

Karen Watt: It is a good question, because I think young people particularly are looking for some broader sense of student experience. I do not think we are ever going to get away from a model where people want to be on campus and want to have the experiences that other young people have had. There are rite of passage issues in here as well. What our review found was very strong support for getting ahead of the curve on quality digital provision, thinking about how they share curriculum and how that has changed the nature of the pedagogies that are in play.

The other issue, which is very important to keep in mind, is that not everybody is a digital native. Not everybody is finding this easy. Alongside whatever shifts we see, we have to deal with digital literacy, both in staff and students, and the whole issue of digital poverty. We cannot always assume that everybody has access to broadband, to the hardware and to the connections that are so needed. The Scottish Government have spent a lot of time thinking about digital poverty, putting more funds into the system, making sure there is money for laptops and connections. We rewired our student support very quickly to make sure there was flexibility, particularly for colleges—we do not deal with student support in the universities sector. That has been a recurrent theme. Let's not forget digital poverty. Let's not forget the fact that a lot of students still need help, as do staff, in this transformation phase.

Dr Fancey: The movement of research off campus, in a large fraction, was very quick. Of course, it did not all move off campus because research related to Covid carried on—in fact, redoubled—and other research that is very vital for human health concerns also continued on campus even through the darker days of the earlier part of this epidemic and now. Moving researchers off campus has taught us many things and has been analogous to some of our learning and teaching experience, including, for example, that flying around the world frequently is not



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essential for carrying out highly collaborative, globally networked research, so hopefully we hold on to some of that benefit going forward.

There are concerns and things that we must be careful of. While many researchers could simply, as it were, move home and carry on because their needs are online, shall we say, for those particularly early-career researchers who need to get things done, need to get their PhD finished, for example, there have been broadly personal challenges brought on by the interruption to their lab work or field work. We have, with help from Scottish Government, given universities some resource to support that, as has UKRI, but it is something we will keep a very close eye on in the coming weeks and months. How is that early-career, younger—often, but not always—researcher community managing? Their careers are at a more delicate stage. Interruptions to their research work is more of a problem.

Q75 Deidre Brock: A very good point. Thank you for that. I was very pleased to hear your comments about HIE and OU and the assistance they have been offering. They have been doing this for a very long time, and it is great to hear that they have been so helpful in that way.

I believe that your recent report suggested developing a Scottish-level standard for blended and online learning. Could you tell us a little more about that, some of the details and what you would like to see there?

Karen Watt: It is going back to this issue about making sure we know there is quality in the digital provision. In these early months, particularly in the early months, institutions made the best they possibly could of it. If we are going to transform it, we need to be very clear about what the expectation is, what the quality standards are around pedagogy and what works well. If we are going to be world-leading in some of this, we need to start asking significant questions and learn the lessons from these last few months and from those frontrunners.

We have started a conversation with the Quality Assurance Agency and with Jisc about how we might develop. Whether it is developing a set of standards, whether it is good practice or whatever, there is a very clear appetite to make sure that we are assuring ourselves of the quality of that online experience, not just now but into the years to come. As practice develops, we would like to be clear about the offer around blended learning.

Universities are not in this space, but there is always a challenge in making sure that it is an interesting and relevant blended learning experience, it is something that draws students in and it retains them. It is not simply a “sage on a stage” with a microphone, shall we say. It has to be a significant difference in the way that people can access and experience those services.

Q76 Deidre Brock: You mentioned that QAA Scotland is basically keeping an eye on this and checking that it is up to the correct standards. Could you



tell us a little about the criteria it would be using, how it measures this? That would be interesting to hear.

Karen Watt: We are not at the stage where we have fully developed criteria, but what QAA has been doing on our behalf and with us is, first of all, developing quite a lot of guidance material. It has put out guidance on mitigating the impact on assessments, progression and graduation. It has looked at how you can deal with academic integrity in the way you do online assessment practices. It has put a lot of material together on how you support transitions for students. Particularly in the Scottish sector, we have a lot of college students who come into university, so how do we provide those pathways and those transitions that are going to work in an online environment?

They have had a lot of webinars, sharing practice. They have had “ask the expert” sessions. It is translating what has basically been a six-month learning project, with good practice and a range of other things, into now thinking quite carefully about where there are standards that we can set more specifically around all of this.

Q77 **Deidre Brock:** Excellent. That is good to hear, thank you. I am just going to ask a very quick, cheeky question myself. Is UCAS finally picking up on the fact that our students attend university through different routes? In the past, it looked as if our figures in relation to youngsters attending university were not as good as other parts of the UK, but it did not take account of the different route that the youngsters were taking. Can you give us a little bit of information on that?

Karen Watt: It is a very good question because it challenges us. It is not just UCAS, it is us. Some of the targets that we set are very much predicated on direct entry to university. That whole articulation from college to university is so very important that we are now looking again at how we measure that and how we take better account of it. It is a very significant part of what we are trying to achieve in Scotland, and it is also incredibly important not just in terms of numbers but making sure that prior learning is taken account of. If you want an efficient, good learner journey, those learners need to have credit for the learning they have achieved in college. What they come into in university needs to take account of that. We are looking at it at two levels: the numbers, as you say, and how we take account of it. What does the university do to take account of that prior learning and make sure that there is a very efficient and supportive pathway for those students into their next stage of study?

Deidre Brock: Excellent. That is good to hear.

Q78 **Chair:** I think the Higher Education Minister is either making a statement or is just about to make a statement in the Scottish Parliament today about this proposal for mass testing of students, with a view to see if we can accommodate a return home at Christmas. I believe up to 65,000 students might be getting tested twice per week.

Are there any implications for you, as the Scottish Funding Council, and



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maybe wider than that? This has been a quite unusual and challenging set of conditions for this year's student body, with obvious issues to do with halls of residence when they came to university and all the other things you mentioned in that very full response about blended learning and your experiences of pedagogy.

What role does the funding council play within that aspect of the student experience? Do you have any views about the mass testing programme for students?

Karen Watt: You are absolutely right that the Higher Education Minister, Mr Lochhead, is making a statement to Parliament as we speak. The prime purpose of the statement is to think about end of term, making sure that students can return safely home and what measures might be put in place around all of that. In that regard, the funding council relies very heavily on the Scottish Government and others in making those both clinical and public policy choices, so we are less involved in that.

What we will be involved in now is thinking very carefully about where there are significant impacts in financial terms on any of the decisions that are being made around that. Also the issue of staggering student departures is much less a financial one, as people can still learn because of the online and digital learning that we have seen.

I will say much less about testing. Not only have I not seen the statement, I am not hearing it as we speak. All I have are the conversations that have led up to it. I will slightly restrain myself on that front, I would have to say. If you are talking to us as funders, though, I would say there will be cost implications of any programmes that come around this, particularly if we are doing broader testing of asymptomatic students in the run-up to departures and returns home. There will be questions for us about how that works.

There are other financial impacts that we will be interested in. Clearly we have had issues about our interest in the challenges around pivoting to online and the costs of that, and with social distancing and safe distancing. We have been interested in how any outbreaks have been managed, and those have been quite successfully contained in recent weeks. We are seeing a much more level approach to how many students are now facing Covid, at around 25 cases a day or something like that.

Students going home starts to raise a lot of questions about what happens with returning in the new year. That whole issue is not just a financial one. It is not just about the state of Covid, it is also about human behaviours and what happens when students return home. They will have variable and varying degrees of experience in their first term. Many, if they are first-year students, will have had sometimes quite difficult balancing experiences and situations to deal with. For us, as a funding council, we are doing some modelling about what this might look like in terms of how many students return, what the impact on residency income might be, longer-term issues and all of that. I suspect that, if you



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were looking at it in terms of the immediate challenges, the return home and what the Minister might be talking about in the Scottish Parliament at this point in time, those are some of the things that we will be taking through as threads over the next short while.

Q79 Chair: You may have missed my subsequent question on the role you have had in all the other particularly challenging and distinct issues that students have had to face. Has there been a wider role for the funding council, or is it just coming in when required and if there are any funding arrangements to be addressed? Is that basically what your job is?

Karen Watt: It is a number of things. First of all, it has been to advise Government where there are institutions that we are looking at in terms of financial sustainability. It is also advice around some of those inter-UK players that we have, where we are looking at, for example, particular Scottish interests in research and science. We also have a role in looking at student welfare and hardship, particularly in the college sector. We have a big role in bringing sustainability into the sector.

The other thing we are very involved in at the minute is where universities and colleges can play a more significant role in dealing with the economic churn that we see. Where there are particular schemes like a youth guarantee scheme or a transitional training fund, we are very involved in how those funds and approaches can best take effect in universities and colleges. We are also quite heavily involved in thinking through some of the scenarios around what is happening in the broader international sphere. It is a mix of things.

Ultimately we are a funding council, but our remit is very broad in terms of social and economic policy, whether it is widening access to students, student hardship, institutional sustainability, particular schemes for economic and social recovery. It is a very broad remit. It has a number of touching points, I would say.

Chair: That is very helpful, thanks for that. It was just to get a sense of how you are woven into the whole apparatus of support for the student body, particularly in such a difficult and challenging year. You mentioned the schemes. I think all of us are familiar with some of them and how helpful they have been in terms of making sure that the adequate support necessary for students is forthcoming.

Q80 Wendy Chamberlain: Thank you both for your time today. Picking up on the last point, as somebody who previously worked for a short time in the further education sector, talking about that interconnected tertiary system is important. Indeed, on exam results day, we all supported #NoWrongPath so it is not just about efficiency. It is about that whole candidate experience.

I want to pick up on one thing—and it is probably to Dr Fancey—in response to Deidre. You were talking about the fragility of early-career researchers and I just wondered if you could say a little more about that. Is that around the nature of research, that need to get breadth,



potentially across institutions, or are there challenges around employment terms, for example, with more institutions using fixed-term contracts, which do not necessarily allow for longer-term career planning?

Dr Fancey: I was probably referring to part of what you were suggesting there, but I will certainly come on to the other part, too. What I was referring to was the quite pragmatic challenge that was faced and still is faced by some PhD students whose work might be out in the field or in a lab, and which Covid—either through safety regulations or whatever—has interrupted. They are on fixed-term grants generally, or they are paying for themselves, which is even more challenging. That means that if they do not get the work done and the degree finished, then the impact is on them and their career.

Your wider point, however, is extremely important, which is that one of the considerations that we must and should have in working with universities to ensure the sustainability of research is to think about researchers, because we will have a sustainable research base if we have a research base that is a good place to work, an inclusive place to work and a place to work where the best and brightest want to be, shall we say. Therefore we are extremely interested both in our work and in our review about what we would refer to in shorthand as research culture, and we are similarly interested in the UK Government's signalling that they share that interest. It was mentioned explicitly in one of the later chapters of the research and development roadmap.

That whole question of how one makes a research career attractive—and, indeed, attractive to a broader range of people than currently tend to stay in longer-term research careers—matters enormously to us. Yes, we will be looking at that as part of our review work over the next month, and doing that in partnership with UKRI, because so many of those early-career researchers and PhD students are either sponsored in their studies through UKRI or are paid for through UKRI grants. It is a very clear illustration of where we share an interest in the sustainability of research being partly about the quality and attractiveness of the jobs.

Q81 **Wendy Chamberlain:** In terms of my topic, I was moving on to talk about other funding streams and, in the first instance, students from overseas and EU students. We know that EU students who are currently studying will be sustained by funding throughout the remainder of their time, but from 2021-22 new students will be required to pay.

What does the funding council believe is going to be the impact of the introduction of fees? Are we expecting to see EU student numbers fall over time?

Karen Watt: There will be a number of different ingredients that go into choices that EU students will make in looking at Scottish institutions. Obviously the fees will have one element of it. Yes, we may see a reduction in the number of EU students coming through. We simply do not know at this point in time, but it may have an impact.



Alongside that, what might shape some of those decisions is whether bursaries or scholarships are available, whether we can repurpose some of the money that may have been for EU fee cover to look at other schemes. Clearly other things will matter. It is fantastic to have a post-study work visa offer now. Again, that is a very important part of the package that an EU student may look at. I suspect that the general environment and the welcome in Scotland and the UK will matter, as will the sheer reputation of Scottish institutions. It is still an important attractor; it is still a magnet for talent. The other things that are much more difficult to tease out are what the conditions are like in their home EU countries, what is happening in response to Covid or the domestic higher education and funding policy there.

Obviously, it will be for Government to think about the policy around this, but our advice is that we have nearly 21,500 fabulous EU students that come through Scottish institutions. It is about 8% of the student population, and that really matters. There is something to be celebrated about having that base in our student population. It is hugely positive, not just because of the student experience and learning from the people around, but also because many will stay. Some of the consequences we are thinking about a lot, because quite a number of EU students go into particular subject areas. For example, there is a high proportion in some of our STEM subjects. It is not just about student experience and fees. It is about what this means for the types of people that are being educated and the kinds of skills that come out the other end and whether they stay in those STEM-related industries and businesses. It is incredibly important for us.

The choices that Ministers face are, do they put some of that into scholarship schemes? Do they think about increasing the number of Scottish-domiciled students in higher education? Do they think about graduate apprenticeships much more? For domestic students, there is still huge appetite for different models of earning and learning. Again, you could repurpose some money for that. Beyond that, we are still weighing up those kinds of choices.

Q82 Wendy Chamberlain: The Scottish Government have said that funding will stay in the sector.

Karen Watt: Indeed.

Q83 Wendy Chamberlain: Thinking about EU students, do you feel that schemes such as Erasmus or Horizon, where we probably still do not have a degree of clarity, might assist in that regard? Should the UK Government should be considering those?

Karen Watt: Yes, indeed. Stuart may want to come in on that, but they are incredibly important for us. We are still a little unclear about where the direction of travel may be on that.

Wendy Chamberlain: Stuart, I would also ask for your thoughts on the



EU research funding as well, because I know that is an additional factor.

Dr Fancy: Indeed. We are, as Karen said, awaiting with interest some of the programmes that we understand the UK Government are working hard on—we know they are working very hard on them—which will act as replacements either in the short term or perhaps on an ongoing basis for some of those income streams. Horizon funding is an extremely important part for some of our universities in particular, where they attract very high-quality people, funded by the European Research Council, for example, and through other particular Horizon programmes.

In Scotland, it is also hugely important to us how we see the evolution of replacements for structural funds, because structural funds support R&D, often in quite a business-facing manner, so they are very important for some of our economic development activity in Scotland. They have also supported a lot of students, and a lot of the students in routes that sometimes help people from disadvantaged backgrounds into further and higher education. We are interested in all of those. We know some of the details of the Discovery Fund and so forth. We are very pleased to hear the ambition that is in there, but the Strategic Priorities Fund is the particular fund on which we are awaiting the details with interest.

European research funding is important in Scotland. It is about 3% of universities' income. It is about 15% of research income, historically. The other thing that matters about European research funding is, of course, the strength of those links with European partners and the ability to contribute to very large multinational research in that way. However we proceed over the next while, it will be in the interest of the Scottish university system, of which we are a part, to ensure that international and European-facing activity is maintained by one means or another, of which there are presumably some coming forward.

Q84 **Wendy Chamberlain:** My second set of questions is in relation to international students more generally. The expectation has been that universities expect the deficit will be smaller due to an influx of international students, although I think there are potential Covid implications. My constituency includes the University of St Andrews, so you can imagine some of the conversations that I have been involved with. Do you think that is going to be the case across the 19 universities or, given the different models that universities have, that there will be a greater impact on some, but not others?

Karen Watt: We are monitoring this quite closely. While it is only a few weeks into term—it is very early in the academic year to say what will happen—we have some early-return data. We are just cleaning up the data as we speak. I would say that in some of the institutions, such as St Andrews, Edinburgh and Glasgow, their numbers of international students have increased. That is not to say that all those international students have their feet on the ground in St Andrews, Edinburgh and Glasgow. A lot are still online because there are issues with Covid and the pandemic, but also flights, visas and all the rest.



I think there will be differential impacts across different institutions. I suspect that some of our chartered and modern institutions, depending on the mix of study and subjects, and depending on the international markets in which they are most active, will be affected. We are seeing that coming through in the figures. We are also seeing, I suspect, some over-assumptions that may have played over the last two or three years coming through into this.

I genuinely think it is too early to say yet what those implications might be. A lot will depend on what is going on in other countries. As you know, whatever happens with China, the States and Australia will affect our market and our attractiveness. The way countries are dealing with the pandemic crisis is affecting how people think about their next journey. We have already talked about post-study work visas and other issues like that. I still think that, in the market, we are still competitive in Scotland for international students. I think that will continue, but I think there will be a significant impact on some institutions over these next two years, undoubtedly.

Q85 Wendy Chamberlain: Do you feel that there is potentially, for some institutions, an overdependence on overseas student fees within their model? Then just some thoughts. For me, it is not just about the fees, is it? It is about those cultural ties—Dr Fancey, you mentioned that from a research perspective—and also the wider economic benefits. When I think of St Andrews, what the students bring to the town from an economic and cultural perspective is very important.

Karen Watt: Absolutely. Our sense is that universities are inherently international organisations. We suspect that, even with complex finances, there will always be an element of cross-subsidisation. The question is what is the balance going forward? We want to be attractive to international students. We want to have that mix. As you say, it is incredibly important for the student experience, for the sort of country we want to be, for the kinds of skills and experience that that brings.

Our sense from the review work that we have done is that we would like to minimise some of the cross-subsidisation into, for example, some of the research and science base. That is not at our hand alone. That will take the good endeavours of UKRI, charities and a range of other things to look collectively at the sustainability of the research and science base over time, and whether that means you have higher unit costs but less research, but more excellence, who knows? These are in the mix of discussions. I think we will always have an element of cross-subsidisation. I think it is about balance in all things.

Dr Fancey: As Karen said, cross-subsidy is likely to always remain, to an extent, part of the business model of universities. Making that more sustainable, shall we say, is part of what we are concerned with.

I want to reflect that it is—I do not know whether the word is “ironic” or just “interesting”. Before the Covid outbreak began, we were having



conversations in the higher education community about the overdependence of certain universities on particular markets. There was a sense of emerging concern at the particular exposure, largely in financial terms, of particular universities. Covid brings home exactly how quickly that can turn into a real challenge because of the geographic nature or variation of how those countries themselves choose to behave with respect to their students.

I would finish by reiterating something Karen said earlier, which is that we want our universities to remain international creatures. We want them to be internationally connected and we want people from all around the world to come to Scotland to enjoy and appreciate the quality of education they can get here, to take part fully in our national life, for some of them to find good reasons to stay, I hope, and to retain that cultural diversity that makes a university what it is. It would be a much more boring place were it not to be so.

Q86 Chair: I am very interested in the questions from Ms Chamberlain about our dependency on international students and your very clear response that we are not overly dependent, even though most of the funding arrangements would suggest that there are several institutions that seem to have an overdependence. Maybe when you answer that, you could answer this, too. The university sector has said for years and years that tuition fees need to be reviewed in order to move forward to that sustainable model. It now looks like there is political consensus across all parties in the Scottish Parliament that tuition fees will now no longer be reviewed, given the Conservative party has pretty much come on board with all that. Is it finally accepted that the debate about tuition fees in Scotland has now concluded? Does that have any impact on your long-term funding arrangements and your own sense of sustainability?

Karen Watt: I will take that last point first. I think we are seeing genuine cross-party consensus about free tuition in Scotland. In many ways, even as we look at our review, we are taking that as our starting point. We are not assuming that will shift or change. We believe that is a policy choice that will continue.

Then you are back to the issue of, in the mix, how do we look at this? For some institutions, it is definitely clear that they may well be overestimating their draw in certain markets. There will always be an element for us of testing whether an institution has a realistic set of propositions around its international student income, and it does matter. It is not a complete dependence on it, but it does matter to some of the business models in some institutions.

It is also true to say—and this is probably not something that everyone may agree with—that our international reputation is still vested in a number of key high-profile institutions that draw and attract students. They are probably very well placed to keep their international footprint. For the others, it is about whether they can still retain that marketplace.



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What do they want to do to shift their business models if they do not get that level of international fee income over time?

I do not think it is an overdependence, but I do think there are some institutions that need to think again about the balance of their business and their income streams. I think some institutions also need to think quite carefully about their regional presence, particularly their connection with colleges and the flow of students, and what they can do together in more collaborative ways. I would just pause there in case I have not quite answered your question, Chair.

Q87 Chair: No, that is a perfect answer. Thank you for that. I am interested in your view about whether you believe the tuition fee debate has now concluded, given there is now emerging consensus that tuition should remain free in Scotland.

Karen Watt: In Government and policy terms, yes, I do. There is a page in our review that suggests we still get responses from a number of areas that would like us to look at charging some element of fees or enabling that to happen, but in policy terms, I do not think we are seeing in any of the parties or in Government a move away from free tuition.

Chair: It is certainly changed days, that is for sure, from a year or two years ago with tuition fees.

Karen Watt: Indeed.

Q88 Douglas Ross: Thank you to our witnesses. It has been a very interesting session with a range of issues. I want to go back to something I do not think has been touched upon. Covid-19 has been so unique in many ways, but it is a global pandemic that many Governments had prepared for. Not Covid-19 in itself, but they had plans in place as to how they would deal with it. Do you think universities in Scotland had this high enough on their risk registers, and were they prepared in terms of both what happens immediately and the financial implications for several years to come?

Karen Watt: It is a difficult question to answer with a straightforward yes or no, because again some institutions were much more thoughtful in their risk registers than others. I think it unlikely that you would have seen a pandemic in the top rank of registers of risk in most institutions, but there would have been a very significant set of risk indicators around exposure to shifts in the international environment. Whether or not it was a pandemic, intergovernmental relations or more global trends that were shifting because, for example, you might have new and emerging economies that were starting to develop their own domestic further and higher education systems in a way that more domestic students were staying. They will have had, more likely, risk registers that were to do with broad international trends, I would suggest, rather than specifically a pandemic of this nature.

Douglas Ross: Dr Fancey, you are nodding in agreement.



Dr Fancey: I am indeed. Everything Karen has said is absolutely true. The response that the universities made to this event, which probably was not foreseen by them to that degree, was, if you like, different—different things were foreseen. The response of taking people off campus and continuing teaching, research, the running of the place and so forth was remarkably quick, and that was true across the whole UK. There was an extraordinarily fast response to that. We can be slightly heartened by the ability of universities to move very quickly when they needed to, and that was certainly shown in those extraordinary circumstances in March.

Q89 **Douglas Ross:** Could I go back to an answer you gave to Deidre Brock when you were commenting on positive examples and you highlighted the University of the Highlands and Islands? You used it as an example, but could you give us more information on the positive work it has done?

Karen Watt: The University of the Highlands and Islands is a young university, as you know. It is celebrating 10 years. What it built in from the start is an ability to reach into rural and remote areas in the way it provided its digital offering, its pedagogy and its curriculum. In a way, it was exceptionally well placed, shall we say, to deal with the difficulties of reaching people who could not always come on to campus, having exceptionally interesting and different ways of teaching in a blended learning environment and also having designed its curriculum in ways that allowed students to go from local community into college and into higher education in situ, either in their community or online in different ways. The example of UHI is that it was, in many ways, not only a unique tertiary institution trying to blend further and higher education together, but it had built in and sewn in from the outset a much more interesting blended learning offer, which stood it in very good stead to deal with the situation that we now have. That is why I would say it was ahead of the game.

Obviously the Open University is the other world-leading example of how you deal with different communities of learners and offer different things, but UHI has been significantly at the forefront of different ways of addressing the needs of local, rural and other communities. It has been interesting in its model of having both college and university, further and higher education, blended in ways that I think could provide a footprint for the future of many institutions in Scotland.

Q90 **Douglas Ross:** I am sure you would accept that people who have gone to UHI in the last decade have gone to it, in many cases, for that reason, that they could do the split learning, the more remote, rural learning, whereas people who go to university—and I think this was touched on earlier by Wendy Chamberlain—go there for a general experience, whether it is in the city in which the university is based or whether it is in the buildings and the libraries and so on. I think we saw, probably because so many students did go back, even with the opportunity to do an awful lot of online learning, a real drive for people to go to universities and colleges because of the location and the facilities that are on offer on



campus, which is different to many people who go to UHI because they know they are going to get that blended learning from the outset.

Karen Watt: Yes, I think you are absolutely right. There are many drivers for why students will choose particular institutions. Some may not have that many choices. Some will want to continue with their lives. Some are taking in a variety of either caring or other responsibilities. Some want to stay in location. You are absolutely right, there will be different offers. In fact, that is one of the strengths of the sector that we have in Scotland. You have choice. There are different choices depending on the kind of institution that a student will choose.

I would make the point again that I think there is something immensely interesting. UHI obviously has a range of governance and other complexities in the way it manages itself but, in terms of the student offer, it is a very interesting model to explore for the future.

Dr Fancy: I was speaking recently to the researcher community at UHI. They invited me to an event they were holding, and they were reflecting on their experiences of carrying on their research work through the pandemic. They were reflecting on their complete comfort—their preexisting comfort—with running distributed research teams across multiple locations across the university's footprint, and then that research team itself being globally connected. Other researchers in other countries with whom they were working were envious of the comfort that that group of researchers in various disciplines at UHI were able to show at working in that way and with that style. I am sure everybody around the world is catching up, but it is another example of how, across UHI, that digital comfort is producing some interesting advantages and some particularly distinguishing features from which others are learning.

Q91 **Chair:** Like Douglas, I have a large UHI campus at Perth College. I think it is incumbent upon me to bring that up, given that I have the Scottish Funding Council in front of me. One of the major complaints I get from the senior management team and the trade unions at Perth College is the top-slicing from the Scottish Funding Council to the university part of UHI. Do you think that the arrangements across all the campuses are fair, and is there anything you can do to address some of the issues and complaints that come my way all the time about this top-slicing?

Karen Watt: Here is the thing: I suspect there will always be choices. When we provide funding for UHI, it makes certain choices itself about how much it will put into central costs and how much will go into a variety of other things. We have just done a study of these multi-college regions, and our sense is that, in UHI, we are encouraging a slightly more integrated approach. There are still, I would suspect, efficiencies that could drive down some of those costs. I suspect there are different ways of managing some of this.

Q92 **Chair:** No matter if colleges have a deficit just now?



Karen Watt: No. I was meaning in the sense that there are possibly different ways of organising some of the services that go into supporting the management in colleges and in the university part of UHI. No, I make no comment on the difficulties that certain colleges are facing in terms of how they make things stack up.

I think there are choices. I think there are choices—I would say this—about a slightly more integrated approach to the college and university provision, which could affect the amount of top-slicing that goes on. Those, I would say, are active conversations at the minute, because we have just done that study of UHI as a regional strategic body. We have put those recommendations into the public domain, and we are talking actively to the Scottish Government about those recommendations.

Q93 **Chair:** I thought I would take the chance to raise that issue, as I knew my colleagues had not.

Lastly from me, and probably lastly for the whole session, we know you have provided some financial support for mental health services at universities across Scotland just now. Obviously with the pandemic, we suspect these services will be called upon more than usual and more than you would expect at the beginning of a term. Could you talk a little about what sort of support you are able to offer them and whether anything further is required?

Karen Watt: This has been a massively challenging time for students. We have been tracking very carefully the programmes that institutions have to support student mental health and wellbeing, because it is not just a growing trend in the student population before Covid that we needed to support our students as best we could, but particularly in a Covid environment, particularly when we are faced with students in self-isolation, in residences where they are trying to come to terms with where they are, what they are trying to do and who they are.

In September, we announced £3.6 million-worth of funding, building on the same level of funding that was put into institutions last year, to think about student counselling, support for mental healthcare innovations and, in particular, access to online counselling. Over the last short while, we have seen 60 new counsellors being employed across colleges and universities in Scotland. Particularly in this environment, we are absolutely delighted that the Scottish Government gave us an additional £1.3 million to fund more flexible and more targeted mental health support for students. Again, that is going out and being distributed by us now.

We are seeing it, and universities are talking to us about that whole issue of self-isolation, loneliness and a feeling of disconnection. We want to make sure we can support that as well as we can. We, as a funding council, are in regular touch with those counsellors. We are in regular touch with the mental health leads in every institution. We have monthly engagement with NUS Scotland and with the Scottish Government where



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we talk about those mental health challenges and whether there is more that can be done. We had already started to invest in mental health support, and this additional funding that has come through is very welcome because it gives us the ability to put more flexible support into the system.

Chair: Excellent. I said that we would try to get finished by 3.30 pm, and we are only a couple of minutes over. We have just about got there. Can I thank you both for coming along and giving us evidence today? It was fascinating and very interesting. You could tell by the interest from the Committee. There are a whole number of things for us to consider with the evidence you have given us.

Again, if there is anything further that you feel that you could usefully contribute, please get in touch with the Committee. We will keep a very keen interest in your review as it progresses, and I think you have given us a timeline about when we would expect a second report and then the final report. We will very much keep an eye on the developments with that. For today, thank you ever so much for your contribution.