



Our reference: **24-036**

Wednesday 25 September

Sue Webber MSP
Convener
Education, Children and Young People
Committee The Scottish Parliament
EDINBURGH
EH99 1SP

Dear Ms Webber,

We are grateful for the time and energy the Committee has given to its role in pre-budget scrutiny for 2025/26.

As you look to progress to the reporting stage, we hoped the following further points would be useful. This provides an update, where relevant, since Professor Gillespie gave evidence in June and picks up on a couple of points made by Minister Dey earlier this month.

A positive summer for Scottish-domiciled learners in higher education

SQA results day brought very positive news for Scottish domiciled learners hoping to progress onto higher education, with a 7% increase in placed applicants at Scottish providers, relative to last year, and a 12% increase in SIMD20 placed applicants. This is a reflection of the hard work undertaken by institutions to support widening access, and I'm sure you will join me in congratulating those students taking the next steps in their academic journey towards higher education.

The international recruitment landscape remains volatile

At the time Professor Gillespie gave evidence, the future of the graduate visa route was uncertain. In less than a month of taking office the new UK Government very helpfully confirmed that the graduate route visa would remain unchanged. International students can continue to work in the UK, on successful completion of studies for up to two years. This is very welcome, and we hope this will help to stabilise recruitment patterns given time. There is to be no reversal by the UK Government of the end of the dependents visa for postgraduate students (which was ended by the previous UK Government in January 2024 and precipitated a significant fall in demand from students in some countries).

Volatility in international student recruitment continues and is expected to adversely affect intake numbers for some Scottish institutions for academic year 2024/25, for a second year in a row. Visa application data, published by the [Home Office on 12 September](#), confirms 17.1% (25,200) fewer applications for visas to study in the UK in August 2024 than in the same month last year. This

continues the trend seen over recent months, with 16.6% (55,500) fewer total applications in the year to date than at the same point in 2023.

Given the extent of reliance on cross-subsidy from international student fees in Scotland's funding model for Scottish-domiciled students, this will continue to exacerbate funding pressures felt in the sector, with variable impact on different institutions.

Post School reform

Universities Scotland supports reform in the post school landscape. We are keen to work closely with the Scottish Government to make quick progress, particularly on areas that do not require a legislative route such as bringing greater agility and flexibility to the graduate apprenticeship model.

Our response to the post school reform consultation, which closed on 20 September, will also support reform of the post school public bodies as one dimension to a broader programme of reform. The majority of our members favour option 2 (which is the streamlining of all funded provision with the SFC and all student finance with SAAS) but some institutions would favour option 3 (all funded provision and student finance with SFC resulting in the closure of SAAS).

We can see potential benefits for learners, employers and others from this direction of reform and that is the spirit in which we support it. However, it is our view that none of the options in the post school reform consultation do anything to address the underfunding of undergraduate education for Scottish-domiciled students or the underfunding of research and innovation in higher education.

There is a danger that the framing of the consultation leads to the conclusion that reform of the funding body landscape presents a significant answer to current resourcing challenges. We cannot agree. The very real public funding problem for our universities needs to be addressed through other routes. This is relevant to the Committees' pre-budget scrutiny as the reform agenda has understandably been a strong thread through the evidence gathering stage.

We are also very mindful of the inevitable opportunity cost likely to be felt by colleges, universities and the public bodies, resulting from such a significant programme of public body reform over the next two or more years. We note that this reform agenda comes at a time of considerable financial pressure for all concerned and there is a risk it will divert focus from the priority of delivering for learners and for those who rely on our research community.

Widening access

There are two points we would like to make on widening access, in addition to noting the sector's considerable commitment and continued success, as reflected in entrant numbers for academic year 2024/25.

We welcome the Minister's focus on breaking the deadlock on data sharing to ensure that universities can have access to a person-centred data metric to target and track access initiatives. The data-sharing pilot in Northeast Scotland is a welcome start. However, there is an urgent need to make progress on this. We must continue to

explore other options in parallel, not least because we need a Scotland- wide solution, not a regional one, if we are to support student choice. As the admissions cycle takes at least a full year, we're more than a year away from being able to evaluate the success of the pilot in the Northeast, which takes us within five years of the Scottish Government's 2030 access targets. It is therefore vital that the Minister and his officials progress other options for data-sharing.

During the June evidence session, a concern was raised over whether there is a detrimental impact on widening access arising from international recruitment. Universities Scotland want to make it clear this is not the case. Whilst only eight institutions receive dedicated resource to support their widening access activities (a fund that has fallen relative to inflation for over a decade) every higher education institution is highly proactive in their responsibilities to, and support for, the access agenda. Furthermore, income from international student fees cross-subsidises Scots-domiciled students and wider teaching-related activities such as outreach, bridging programmes, and support for transitions between levels of study.

Sector-led efficiencies. VAT sharing.

The issue of VAT as a barrier to shared services arose in the context of a discussion about collaboration and efficiencies in the further and higher education sector in the evidence session with the Minister on 5 September. The sector has worked collaboratively over a number of years to try to overcome this issue.

A Cost Sharing Group was established and its status as VAT exempt was confirmed by HMRC. This was achieved by working with APUC (Advanced Procurement for Universities and Colleges) the procurement centre of expertise for all of Scotland's universities and colleges. This is an example of universities' proactive and vigilant pursuit of efficiencies on a self-directed basis. APUC is a leader in joint procurement, secures over £25.5 million of savings every year, relative to market prices or, £13.1 million relative to prices previously paid.

The Cost Sharing Group means that where shared services operate on an exact reimbursement basis and are structured as independent not for profit entities, jointly owned by their customer members, VAT does not need to be charged. This specific structure does not suit all delivery models and therefore there is some value in exploring whether more can be done to reduce barriers to enable even greater opportunities for collaboration and efficiency.

Yours,

Claire McPherson,

Director Universities Scotland