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Our reference: **25-002**

Friday 17 January 2025

Kenneth Gibson MSP  
Convener  
Finance and Public Administration Committee  
The Scottish Parliament  
EDINBURGH  
EH99 1SP

Dear Mr Gibson,

We are grateful for the time the committee has spent in scrutinising the 2025/26 budget. Prior to the next stage of the Bill’s progress through parliament we thought it pertinent to share some further information in response to the evidence sessions you held with stakeholders and the Cabinet Secretary for Finance.

Our primary reason for writing is to address a figure relating to graduate outcomes, given to the Committee in a written evidence submission, which we think could benefit from further contextualisation in order to avoid confusion.

**Graduate employability**

In December, the Committee was given an ONS statistic which said that` 41.8% of graduates, who left full-time education in Scotland within the last five years, were working in a nongraduate role.

It would be easy for the Committee to infer from the use of that statistic that the term “graduate” in this context relates to those qualifying from university, with an undergraduate degree or higher. The line of questioning linked to this statistic in the session on 17 December suggests that was (quite understandably) the Committee’s interpretation.

However, the term “graduate” in this context (taken from the ONS definition) is far broader than only those graduating from a university. It is defined as a person who is aged between 16 and 64 (inclusive), not currently enrolled on any educational course and whose highest level of qualification is *above* A-level or equivalent, for example Higher. This covers graduates from university, but also includes anyone in that age group with a Higher National Qualification (HNCs/HNDs), other college and/or training qualifications, such as Modern Apprenticeships, at SCQF level 7 or above.

The further challenge with this statistic is that the definition of “graduate job” used in the ONS data draws on the Standard Occupation Classification (SOC), which is much more tightly defined around the destinations of *university* graduates. Therefore, there is an inherent tension within the ONS



statistic. It is assessing what percentage of a pool of people, much wider than university graduates, hold graduate level jobs. As a result, it is not surprising that the figure is low. It is not a helpful reflection of what percentage of university graduates hold graduate level jobs.

Those interested in that figure will find the statistics from the higher education statistics agency, HESA, more relevant. HESA tracks the destinations of those completing undergraduate degrees and this data set has the status of an accredited official statistic. The most recent data available in 2021-22 shows that after only 15 months after graduation, 74.7% of graduates from undergraduate courses at Scottish universities were in “highly skilled” jobs, defined using the SOC.

More broadly, it is worth noting a further challenge with any statistics relying on the SOC. Producing SOC is a significant undertaking and so it is only updated periodically (circa every ten years). Over time, the skills required for a particular job can shift and there is a delay with SOC catching up. For example, over time nursing has become a graduate profession, and the paramedic profession now requires a degree.

### **Financial Stability of the HE Sector**

Since we submitted evidence to the committee several of our members have published their annual accounts, with several institutions reporting deficits in academic year 2023/24. It may be helpful to the Committee to note that we expect the Scottish Funding Council’s annual report on the overall financial sustainability of the sector to be published in February. It is not our role to comment on individual institutions’ financial sustainability, however we want to highlight again the volatility of multiple factors in universities’ funding environments, including international recruitment markets, in a model of funding for our “home” students which has come to rely so significantly cross-subsidy. As you noted, the “fee element” of every Scottish domiciled place in a Scottish university has remained flat in cash terms at £1,820 for over fifteen years, and this year’ budget settlement is a real terms cut to the sector of 0.7%. This is unsustainable.

We hope this information is helpful in making your final recommendations on your scrutiny of the 2025/26 Budget.

Yours,

**Sir Paul Grice,**

**Interim Convener of Universities Scotland & Principal and Vice Chancellor of Queen Margaret University Edinburgh**

Cc’d:

Minister Dey, Minister for Higher Education and Further Education; and Veterans  
Martin Boyle, Interim Chief Executive, Scottish Funding Council