

# Education, Children and Young People Committee

## 26<sup>th</sup> Meeting, 2022 (Session 6), Wednesday 2<sup>nd</sup> November

### Universities in Scotland

#### Introduction

On 28 September the Committee held a one-off evidence session on universities.

The session was designed to inform the Committee's pre-budget scrutiny. It was also a responsive session, exploring issues raised in correspondence to the Committee regarding industrial action by university staff.

The purpose of this session with the Minister is to follow up on some of the issues raised during that session, including student housing, mental health and wellbeing, and student places.

#### Committee meeting

At its meeting today, the Committee will take evidence from Jamie Hepburn MSP, Minister for Higher and Further Education, Youth Employment and Training.

The Minister will be supported by Scottish Government officials

- Stephen Pathirana, Director Advanced Learning and Science
- Shazia Razzaq, Strategic Lead, University Policy, Governance and Equalities
- Roddy MacDonald, Head of Higher Education and Science Division

#### Supporting information

A SPICe briefing on the issues being considered at this session is provided at [Annexe A](#).

Universities Scotland have provided two letters by way of follow-up to the session on 28 September. The first is from Professor George Boyne, Convener of the Funding Policy Group and the second from Alastair Sim, Director of Universities Scotland. These are provided at Annexe B.

**Education, Children and Young People Committee Clerking team  
28 October 2022**

## Annexe A

The logo for SPICe is a purple rounded rectangle with a gradient. The text 'SPICe' is in white, bold, sans-serif font.

**The Information Centre**  
An t-Ionad Fiosrachaidh

## Education Children and Young People Committee

### Wednesday 2<sup>nd</sup> November 2022 (Session 6)

## Minister- Universities

### Introduction

This paper focuses on issues raised during the Committee's session on universities on 28 September.

### Student Housing

Student accommodation shortages continue to regularly be featured in press articles. The Scottish Government does not collect data on student homelessness or student housing in Scotland. Data is not readily available to compare student housing shortages year on year.

However, [figures from HESA](#) show an increase of 11.6% in student numbers from 253,475 in 2018/19 to 282,875 in 2020/21. Some universities have seen higher increases than others, for example the University of Glasgow student enrolments have increased by 20.6% since 2018/19.

The [2021/22 Cushman and Wakefield Tracker](#) records 61,569 available beds across all purpose-built student accommodation providers in Scotland. Of those beds 29,522 were "owned" by universities, although this also includes some beds secured across long-term partnership agreements, while 32,047 were owned by the private sector. [Shelter Scotland highlighted](#) last year that Edinburgh city has a student-to-bed ratio of over three students to every one available bed.

PBSA is excluded from the Private Residential Tenancy (PRT) regime in Scotland. This generally means that PBSA tenancies are common law tenancies, regulated by the contract between landlord and renter, rather than a specific law.

The [2020/21 Programme for Government](#) included a commitment to:

“... conduct in 2021 a review of purpose-built student accommodation, in partnership with stakeholders.” (p106)

An [initial scoping exercise](#) has been carried out by the Scottish Government, however the review has not yet been published.

The UK wide [Accommodation Costs Survey 2021](#) showed average annual rent in purpose-built student accommodation in Scotland was £6,853 in 2021/22. In Scotland, the maximum financial support a student could obtain through loans and bursaries in 2021/22 was £7,750.

The recently passed [Scottish Government rent freeze](#) extends to include students in purpose-built accommodation, the only case where a landlord will be able to request payment of a higher sum of money during the tenancy is where the tenant has made excessive use of any utilities.

In her recent [evidence to the committee on 28th September](#) Karen Watt commented:

“There is a constant need to balance housing supply, housing demand and place in a city. That is why universities are so integral to regional planning, which needs to be much broader than the discussion about Scottish students getting a place.”

## Mental Health and Wellbeing

In 2019 the Scottish Government announced £20 million of funding for 80 counsellors across both colleges and universities for four years, providing at least one counsellor in every college and university across Scotland. This funding is due to end at the end this financial year in April 2023. NUS Scotland have called for this funding to be extended. In NUS Scotland’s submission to the committee, they said:

“As a matter of urgency, the Scottish Government must urgently confirm the remainder of the funding from its £20million commitment to additional counsellors in colleges and universities, as well as long-term funding for provision.”

[Colleges Scotland, Universities Scotland, and NUS Scotland recently wrote to Mr Hepburn](#) regarding the Student Mental Health Action Plan and funding for additional mental health counsellors.

## Student Places

### *International Students*

[Latest available HESA figures for 2020-21](#) show an overall increase in international student numbers in Scottish universities.

**Table 1:** Student enrolments by domicile at Scottish universities

Number of students	2016/17	2017/18	2018/19	2019/20	2020/21
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Scottish	158,970	160,875	163,470	167,030	180,170
Rest of UK	30,660	31,990	31,885	31,835	34,520
International (including students from the EU)	52,290	54,345	58,075	61,590	68,180
<b>Total</b>	<b>241,935</b>	<b>247,220</b>	<b>253,475</b>	<b>260,490</b>	<b>282,875</b>

Source: [HESA data 2020/21, Where do students HE students come from?](#)

HESA data also shows that China is the biggest source of international students in Scotland, with 17,165 full-time learners in 2020/21. The second largest cohort was from India with 5,745 students, followed by 5,285 students from the United States.

The number of students from China has increased from 8,475 in 2016/17, while there has been a rise from 1,425 students from India and 4,480 from the United States over the same period.

In their recent submission to the committee, Universities Scotland said:

“Cross-subsidy from international student fees is the only reason that underfunding hasn’t yet reached a critical point. But, without action, Scotland is approaching that. Scotland’s funding model now bakes in a structural reliance on international fees to such an extent that this source of revenue is forecast to overtake Scottish Government funding as a percentage of the sector’s total income in 2023/24, reaching 27% of the sector’s average income compared to 25% for SFC grants. Some institutions are better placed than others to grow international income. Even without the perpetual risk of a geopolitical shock, the extent of cross-subsidy now jeopardises the quality of education, experience and support that universities are able to offer. When that happens, international students will exercise their choice to go elsewhere.”

### **Scottish students**

As shown in table 1 above there were 180,170 Scottish students enrolled in Scottish universities in 2020/21.

	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Undergraduate first degree</b>	35,165	36,745	37,775	37,435	40,225

In 2020-21 SFC allocated 1,297 FTE funded student places and £7.2 million for additional school leavers recruited by universities following the decision to rely solely on [teacher estimates in the 2020 exam diet](#). SFC also funded a further 2,500 FTE additional funded places for students who started their studies in 2021-22. The

additional 2,500 funded student places were allocated in proportion to universities' existing profile of funded places and amounted to £13.9 million in additional funding. Both cohorts will be funded for the duration of their degree programmes. However, no further funding was announced in 2022-23.

## Industrial Action

Staff pay, conditions and pensions continue to be part of ongoing disputes between both Unison and UCU.

[HESA data from 2020/21](#) shows in total there were 24,940 Scottish academic staff working in Scottish universities. Of these staff 8,330 were employed on fixed term contracts. [Research carried out by UCU in 2021](#) and published this year found that staff in higher education were working an average 50.4 hours per week.

In her [evidence to the committee on 28<sup>th</sup> September](#) Mary Senior said “It is disappointing that we have a proliferation of casual contracts in the sector. Signals from the Government and the Scottish Funding Council about better employment practice would therefore be incredibly welcome.”

### ***UCU Pay and Conditions dispute***

The UCU's campaign around pay and conditions focuses on “Four Fights”. These are calls for—

- action to address the gender, ethnic and disability pay gap;
- an end to contract ‘casualisation’;
- tackle rising workload;
- a pay rise of £2,500.

In this aspect of the dispute, the UCU is in dispute with the [Universities and Colleges Employers Association](#). Not all Scottish Universities are members of the UCEA.

### ***UCU Pensions dispute***

The Universities Superannuation Scheme was revalued in 2020 and this valuation has led to the dispute over changes in the scheme. The issues at play are both complicated and complex. Members may wish to refer to a recent [House of Commons Library briefing on the scheme](#). That briefing explores the differing views on the validity of the 2020 valuation and the impacts on scheme members of measures following that valuation. [Two members of the scheme recently brought an action at the High Court on a number of matters](#) including the timing of the valuation which was dismissed.

[In February, the Joint Negotiating Committee](#), “formally voted to implement a package of reforms to conclude the 2020 valuation of the scheme”. The JNC consists of five representatives from UCU, five representatives from Universities UK, and an independent chair.

## University Finances

### Scottish Budget 2022-23

On 9 December 2021, the Scottish Government published the [Scottish Budget 2022-23](#). The Education and Skills portfolio funds a range of policy areas, including higher education funding. The table below shows the level 2 expenditure plans.

**Table 1: Education and Skills, Level 2 budget – (£m)**

	20-21	21-22	22-23
Higher Education Student Support	925.6	1,399.30	1,017.60
Scottish Funding Council	1,880.10	1,911.00	1,973.80
Advanced Learning and Science	13.4	20.6	22.9
Skills and Training	271.1	277.2	271.9
COVID-19 Funding	-	68	-

Priorities identified in the Budget 2022-23 document are:

- £5m investment for digital equipment for colleges, universities and community learning providers to address the 'digital divide' and help students access laptops and other equipment.
- Support the Scottish Funding Council (SFC), college and university sectors to deliver the agreed recommendations of the SFC's Review of Coherent Provision and Sustainability.

**Table 2** shows the university capital and resource budget over the last three years.

**Table 3** shows the 2022-23 budget in real terms 2021-22 prices.

**Table 2: University capital and resource budget – Cash terms (£m)**

	2020-21	2021-22	2022-23	Change 2021-22 to 2022-23	% Change 2021-22 to 2022-23
Higher Education Resource Budget	743.2	768.2	789.2	21.0	2.7%
Higher Education Capital Budget	342.2	346.7	348.0	1.3	0.3%

**Table 3: University capital and resource budget – Real terms  
2021-22 prices (£m)**

	2021-22	2022-23	Change 2021-22 to 2022-23	% Change 2021-22 to 2022-23
<b>Higher Education Resource Budget</b>	768.2	768.4	0.2	0.0%
<b>Higher Education Capital Budget</b>	346.7	338.8	-7.9	-2.3%

Source: [SPICe Real Terms calculator](#)

Table 2 shows the university revenue budget for 2022-23 represents a 2.7% increase in revenue funding which is a 0% increase in real terms, as shown in Table 3, on last year. The capital budget falls by 0.3% - a real terms fall of 2.3%.

Universities Scotland has said the budget represents a cut to university funding for teaching and research, as the 2.7% increase to the resource budget covers the funding of additional student places for those affected by the SQA's alternative certification model.

In a statement to the [Scottish Parliament the Deputy First Minister announced savings within the 2022-23 budget](#). Across the education and skills portfolio this included £42.7m of savings. The Scottish Funding Council are to make £20m of savings from lower forecast requirements in Further Education student support and within other ring-fenced budgets such as the National Transition Training Fund and additional European Structural Funds income. There are also £16.7m of savings from 'various' funding sources, the Scottish Government said this would come from further resource/capital switches, forecast changes across programmes and savings targets within public bodies.

### ***Resource Spending Review 2022-27***

May 2022 saw the publication of the [first multi-year resource spending review in Scotland since 2011](#). It followed a [Scottish Government consultation on spending priorities launched in December last year](#). At the time of the consultation launch, the Cabinet Secretary said the Resource Spending Review (RSR) would "outline resource spending plans to the end of this Parliament in 2026-27" and would "give our public bodies and delivery partners greater financial certainty to help them rebuild from the pandemic and refocus their resources on our long-term priorities."

However, it is important to bear in mind that, as ever, with Spending Reviews, the situation is likely to change. As the Cabinet Secretary herself said:

*“today’s Resource Spending Review is not a Budget. Change to the fiscal position is inevitable over the next few years, one hopes for the better. Tax decisions will be taken in future budgets.”*

The Resource Spending Review also set out the Scottish Government’s four ‘core priorities’. These are—

- reform to improve outcomes for children currently living in poverty;
- reform to help achieve the just transition to a net zero and climate resilient society where we play our part in tackling the global climate crisis;
- reform in the way we experience our public services as we recover from the COVID-19 pandemic; and
- transformation of our economy to enable growth, opportunity and a sustainable outlook for our future.

The table below shows the resource spending review expenditure plans for further and higher education.

**Table 4: Resource Spending Review, Further and Higher Education spending plans**

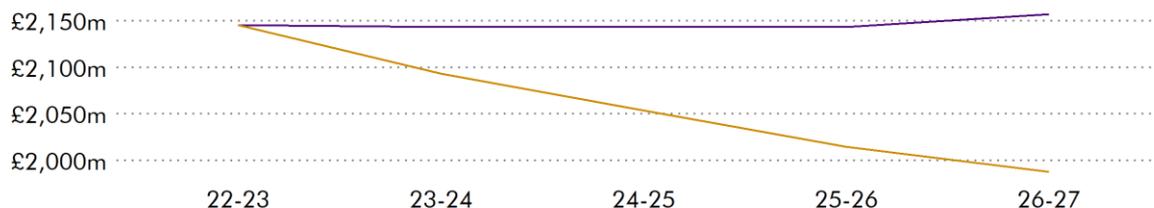
<b>Level 2</b>	<b>2022-23 (£m)</b>	<b>2023-24 (£m)</b>	<b>2024-25 (£m)</b>	<b>2025-26 (£m)</b>	<b>2026-27 (£m)</b>
<b>Higher education and student support</b>	349	349	349	349	349
<b>Scottish Funding Council</b>	1,502	1,501	1,501	1,501	1,501
<b>Advanced Learning and Science</b>	23	23	23	23	37
<b>Skills and Training</b>	271	270	270	270	270
<b>Total</b>	<b>2,145</b>	<b>2,143</b>	<b>2,143</b>	<b>2,143</b>	<b>2,157</b>

Graph 1 shows a comparison of level 2 and 3 spending plans across the tertiary education sector compared with the spending values in real terms.

**Graph 1: Further and Higher Education spending plans with real terms comparison**

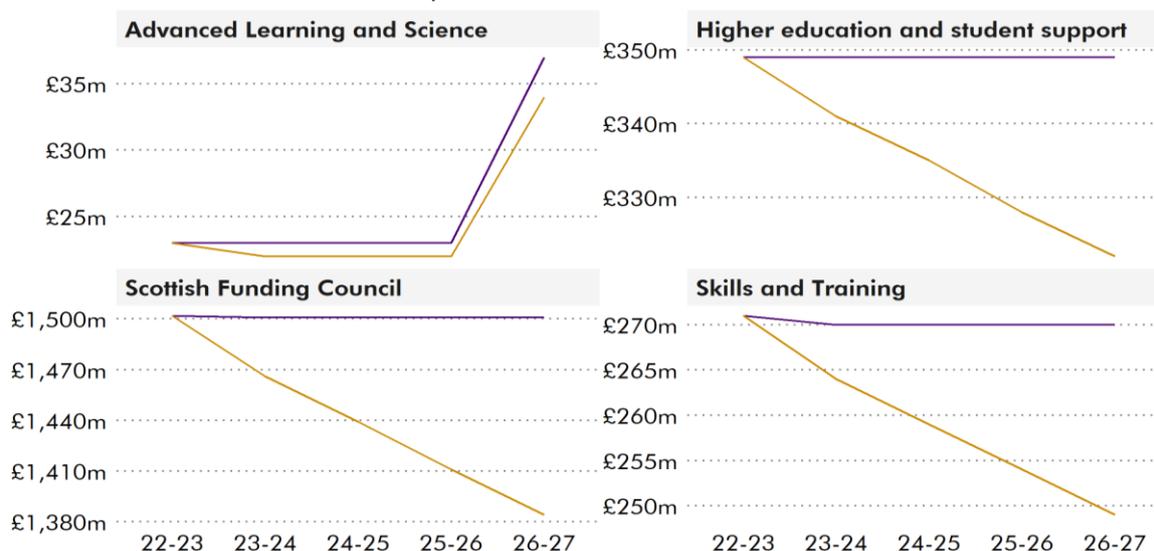
### Total Further and Higher Education level 2 spending plans

Real terms values in 2022-23 prices



### Further and Higher Education level 3 spending plans

Real terms values in 2022-23 prices



Source: SPICe and [Scottish Government Spending Review 2022-27](#)

In their submission to the Scottish Government’s resource spending review, Universities Scotland called for an increased investment in universities of £62.2 million in resource funding.

Following publication of the resource spending review, [Universities Scotland’s response](#) said:

*“The real terms cuts to higher education make it incredibly difficult to continue to deliver for Scotland, our students, staff and the communities we serve. The outlook is bleak for the next few years. We lack clarity on detailed, multi-year funding for universities that allow them to plan to manage the financial storm.”*

Universities Scotland also highlighted to the committee in their submission ahead of this session that:

*“By 2024/25 universities’ teaching grant will have been cut by 34.7% in real terms over ten years and the research budget will have been cut by 41%.”*

In her [evidence to the committee on 28<sup>th</sup> September](#), Mary Senior said:

*“The resource spending review was really brutal and deeply worrying. I said earlier that one of the good recommendations from the Funding Council’s review last year was this call for multiyear spending allocations to help universities to plan. After all, the average degree in Scotland takes four years. For the last decade, we have had only annual funding settlements, so it has been incredibly difficult to plan. Multiyear spending allocations could be helpful for universities and could help in terms of pay settlements, because we could explore doing them on a multiyear basis. However, in May we saw top-line figures, covering universities and colleges, which means that we did not get greater clarity. Further, it was flat cash, so, given that inflation is 12 per cent, the sector is really worried.”*

### **Scottish Budget 2023-24**

In their submission to the Scottish Budget 2023-24, Universities Scotland made calls to the Scottish Government to provide £45million to boost research competitiveness, £7.7m to increase business-facing innovation, £55.2million for teaching and supporting students, a £60million capital transformation fund and a £3.8million for mental health counsellors.

### **Multi-year Spending**

The Scottish Funding Council in their [Review of Coherent Provision and Sustainability](#) recommended the Scottish Government sets out multi-year funding assumptions and commitments across tertiary education and research. While the resource spending review sets out top-line funding, it is post-16 education all together.

Each year, the Scottish Government via the Scottish Funding Council provides funding for full time equivalent places for eligible Scottish domiciled students. Each university has its own process of recruitment and admissions. However, all universities issue the lion’s share of places for Scottish students in January. The number of funded Scottish places for 2023/24 has not yet been announced by the Scottish Government meaning each year universities offer places based on assumptions without certainty of funding.

### **Scottish Funding Council**

The [SFC’s Review of Coherent Provision and Sustainability](#) provided an update on university finances in 2021 (p 125). The report highlighted:

- The sector’s underlying operating position shows a surplus of £43m (equivalent to 1% of income), in line with the latest forecast position although down on the 2018-19 result.
- Increased fee income, £27m CJRS income, and staff and operating cost savings, helped to compensate for the reduction in commercial income, particularly residences, catering and conference income during the pandemic.
- However, the sector-wide position masks particular financial challenges for some individual institutions. Eleven institutions reported underlying deficits during 2019-20.

- The sector's cash position has improved on 2018-19 levels, largely due to institutions placing on hold capital works, considerable research activity and loans drawn down but not utilised as a result of restrictions enforced through the COVID-19 lockdown.
- Overall sector borrowing increased by £85m, to a total of around £1.7bn, largely due to Financial Transaction loans provided by SFC. Loan interest payments for the sector increased from £40.5m in 2018-19 to £43.8m in 2019-20.
- The Transparent Approach to Costing (TRAC) is an activity-based costing system adapted to academic culture which provides information to help higher education providers understand the costs of their activities. TRAC data shows that in 2018-19 non-publicly funded teaching, which is mainly non-EU international students, provided a surplus of £222m. This was used to cross-subsidise Scottish-domiciled and EU students, which generated a deficit in funding of £157m, as well as cross-subsidising research funding.

**Nicole Beattie, Senior Research Further, Higher Education and Children's Services, SPICe Research**

**26<sup>th</sup> October 2022**

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

The Scottish Parliament, Edinburgh, EH99 1SP [www.parliament.scot](http://www.parliament.scot)

**Annexe B**

**Education, Children and Young People Committee**  
**Submission from Universities Scotland**

**By Email**

26 October 2022

Sue Webber MSP

Convener, Education, Children and Young People Committee

The Scottish Parliament

Edinburgh

EH99 1SP

Dear Ms Webber,

I was very pleased to have the opportunity to give evidence to the Committee on 28 September. Many thanks for the invitation.

During the session, there was a question from Ruth Maguire MSP which I was not able to answer at the time and I committed to following-up. The specifics of her question related to a constituent who was a student of educational psychology at the University of Dundee and the interplay between their placements and their entitlements as a student (to loans and/or benefits/tax exemptions etc). Universities Scotland has been able to provide the following detail.

Educational psychology is a two-year taught postgraduate (TPG) degree programme at the University, with a third year of supervised practice in the community (year three) in order to achieve the Qualification in Educational Psychology (Scotland) Stage 2 and the necessary registration with the Health and Care Professions Council. All three years involve a Scottish Government grant paid to the student, as specific to the programme, which exceeds £24,000 in years one and two. Students on this programme, undertake two short placements during years one and two of this TPG and during this period the individual is classified as a student and would be eligible for council tax exemption, as available to postgraduate students.

In year three, the year-long supervised practice gives the trainees a type of employee status and the role is a paid position, administered by the accredited psychology service in a local authority. As such, there are some deductions from the grant and the employee status would most likely mean the end of some other benefits of Student status, including council tax exemption. There are also conditions attached to Scottish Government-funded grant for educational psychology, which prevents students on this programme applying for any other form of bursary or loan

(disabled students' allowance being the only exception). This limits their University's ability to support them financially with discretionary funds or other means, as the institution would ordinarily seek to do if and where a student approached student services with financial hardship.

We are aware that staff at the University of Dundee are in touch with a number of trainees about financial pressures and are exploring options to assist, including raising student finance issues with the Scottish Government.

The second part of Ms Maguire's question related to the expenses and associated learning costs that students incur as part of their course in addition to living costs. This is relevant to her constituent (as the location of the practical placements during the postgraduate degree programme can only be guaranteed within a 90 minute travel distance of the student). It will also be a challenge facing very many students in the current context. Universities aim to be transparent about the costs involved in completing a degree and will aim to set this out according to one-off costs, ongoing costs and incidental costs. However, we absolutely recognise the impact of the rapid pace of rising inflation and the cost of living crisis on students' budgets.

With the exception of students on the TPG educational psychology programme (where the terms of the Scottish Government grant preclude most other forms of financial support) we would encourage any student in financial difficulty or concerned about meeting the costs associated with their degree to meet with their university's student services team. Discretionary funding is available to students and institutions would strongly encourage students to make use of this option where hardship is a factor and particularly where this is a necessity for progression with learning goals.

This is an important opportunity to highlight the fact that discretionary funding for the current academic year (2022/23), as provided to institutions via SAAS, has returned to pre-pandemic levels, meaning there is a significantly reduced funding available with which to support students. I acknowledge that SAAS discretionary funding was effectively doubled in 2020/21 to address the specific challenges facing students during the pandemic. However, this was very much a one-off. SAAS discretionary funding for students in 2022/23 is now down by 58% relative to 2020/21 and there is considerable variation between HEIs in this year's allocations. Several institutions have seen further drops in their discretionary funding since just last year and the fall in funding has been more than 5% in five institutions. We would argue that the current cost of living crisis, referred to by the First Minister as a "humanitarian emergency" presents the same, if not greater, level of need.

I will continue to follow the Committee's inquiry on universities with interest and look forward to the session with Minister Hepburn in November. Very many thanks to the Committee for your support for higher education.

Yours sincerely,

**Professor George Boyne**  
**Principal and Vice-Chancellor**  
**University of Aberdeen**

## Education, Children and Young People Committee

### Submission from Universities Scotland

**26 October 2022**

#### By Email

26 October 2022

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

Dear Ms Webber,

We welcome the Committee's pre-budget scrutiny inquiry into universities and the session to be held with Minister Hepburn MSP early next month.

We note that Professor George Boyne has followed up separately, writing to offer a full response to the question asked by Ruth Maguire MSP in regard to student support on a specific taught postgraduate degree programme.

There are a few issues arising from the evidence session on 28 September that we wanted to take the opportunity to raise or reaffirm in light of developments in the wider political and policy landscape since then.

#### **Scotland's universities as a means of economic growth**

The university role in supporting the delivery of sustainable economic growth is really important in the current context and a significant issue to explore with the Minister in regard to the Scottish Government's priorities and level of investment in higher education.

University research, and the international excellence and competitiveness of that research is instrumental to this role. Last year, London Economics estimated the economic impact of universities' research, staff and non-staff costs at £15.3 billion based on data from 2019. This economic contribution does not include the considerable economic impact of international students or the lifetime productivity gains and tax premium of graduates.

Since the evidence session on 28 September, the Scottish Government has published *Building a New Scotland: A Stronger Economy with Independence*. Universities are

cited throughout the paper as both a direct and enabling force for sustainable economic growth. Putting the constitutional question to one side for this purpose, we welcome the Scottish Government's rhetoric about valuing universities' role in creating the Wellbeing Economy. That being the case, and given that growing a stronger economy was one of the stated priorities in the 2022 resource spending review exercise, we find it hard to understand how higher education can be deprioritised for investment, as indicated in the budget lines in the May 2022 resource spending review. Further underinvestment will significantly reduce universities' ability to support and enable economic growth across their teaching, research, innovation and international activities.

**Reliance on international student fee income to address the underfunding of Scottish domiciled places.**

This was discussed at some length during the Committee session. We thank members for their focus on this aspect of funding and policy, which we believe has reached a worrying tipping point, as international fee income is projected to have overtaken public funding as the largest source of income for universities at sector level by 2023/24. This is based on Scottish Funding Council projections as per paragraph 17 in its written submission.

The Funding Council was clear in its written evidence that: "*international tuition fee income continues to be an area of significant fluctuation and risk due to the competitive nature of the international market and exposure to external shocks...*". Domestically, political events since the 28 September give a clear indication of the level of risk facing institutions due to necessary reliance on international student fees to compensate for the shortfall in government funding of Scottish undergraduates. The Home Secretary, Ms Braverman MP, was clear about her intention to reduce international student numbers into the UK whilst serving in Ms Truss' Cabinet. We are not yet clear what direction a UK Government, as led by Prime Minister Sunak will travel on this. This is just one example of the range of political and geopolitical events that can destabilise the international student market, and which are wholly beyond the control of institutions. On occasion, such as the COVID-19 pandemic, these events are also beyond the control of Governments.

Universities have always valued the very broad and deep contribution international students make to institutions, and to Scotland, far more than as an income stream or because of the economic impact. International students enrich the educational experience for all students and add diversity and an international outlook to the culture of our communities on and off campus. Scotland has always been outward-looking and open to the rest of the world. Our universities are proud to be a major part of that two-way flow of talent and the retention of that talent, here in Scotland. We want international recruitment to continue as motivated by this set of values.

**The suggestion to move away from a funding model for undergraduate students that funds every Scottish-domiciled place at the same level of funding (according to subject price group) and vary this by institution.**

We wish to reinforce, for the record, the response Professor Boyne gave to Ross Greer MSP's question about a funding model that would involve variable levels of public funding support for Scottish-domiciled student places, depending on the institution attended.

We do not support a change to the funding model that would see different levels of teaching funding invested in Scottish domiciled students, determined by the financial health of the institution at which they study. This would be a major shift in the principles and values that underpin the higher education sector. We believe it would similarly be a shift away from the principles informing the Scottish Government's longstanding commitment to free undergraduate education for Scottish-domiciled students. This approach would be unfair to students and institutions. It could distort student choice, it misunderstands the role of reserves in higher education and it would expose some institutions to even greater risk due to over-reliance on international students by embedding cross-subsidy and marketisation as a defining structural element of Scotland's higher education funding model. It would raise very serious alarm bells in the sector if the Scottish Government took measures that would knowingly accelerate individual institutions' exposure to market volatility and geopolitical events.

We would welcome assurance from the Minister that this not under consideration by the Scottish Government.

Very many thanks to the Committee for its time and energy given to this inquiry. We would be delighted to provide further information should this be helpful.

Yours sincerely,

**Alastair Sim**  
**Director**  
**Universities Scotland**