

# **Education, Children and Young People Committee**

## **20<sup>th</sup> Meeting, 2023 (Session 6), Wednesday 21 June 2023**

### **Scottish Education Exchange Programme; and Further and Higher Education issues**

#### **Introduction**

At its meeting on [24 May 2023](#), the Committee took evidence on International Learning Exchange Schemes. The [papers published ahead of that meeting](#) included a written update from the Minister for Higher and Further Education; and Minister for Veterans on the Scottish Education Exchange Programme (SEEP).

Following that evidence session, the Committee agreed to invite the Minister for Higher and Further Education; and Minister for Veterans to provide oral evidence to the Committee regarding the development of SEEP.

The Committee subsequently agreed to expand the scope of the session to include other areas within the Minister's portfolio.

#### **Committee meeting**

At its meeting today, the Committee will take evidence from Graeme Dey MSP, Minister for Higher and Further Education; and Minister for Veterans.

#### **Supporting information**

A SPICe briefing is included in **Annexe A** of this paper.

**Education, Children and Young People Committee Clerks  
16 June 2023**

## Annexe A

The logo for SPICe, featuring the letters 'SPICe' in a white, sans-serif font on a dark purple background.The text 'The Information Centre' and 'An t-Ionad Fiosrachaidh' in white, sans-serif font on a dark purple background.**Education, Children and Young People Committee****Wednesday 21 June (Session 6)****Scottish Education Exchange Programme and Further and Higher Education issues****Introduction**

The Committee will hold an evidence session with the Minister for Higher and Further Education, and Minister for Veterans Graeme Dey MSP on the progress of the proposed Scottish Education Exchange Programme (SEEP).

This follows the Committee's evidence session on 24 May 2023 about International Exchange Programmes. During this session, the Committee heard from YouthLink Scotland and Taith. The Official Report of this session is [available on the Scottish Parliament website](#).

The Committee will also follow up on other areas within the Minister's portfolio, including on evidence heard at the last session with the Minister on 17 May 2023. A summary of issues Members indicated an interest in exploring with the Minister can be found later in this paper.

**Scottish Education Exchange Programme (SEEP)***Background*

The Scottish Education Exchange Programme (SEEP) is the Scottish Government's proposed replacement scheme for Erasmus+.

In the run up to Brexit, the Scottish and Welsh Governments [called for the UK to remain a member of Erasmus+](#). However, a deal was not reached on continued participation and the UK no longer participates. The then-UK Prime Minister Boris Johnson [described leaving Erasmus+ as a "tough decision"](#) citing the cost of the programme – [estimated by the UK Government to be around £2bn over six years](#) – as a factor.

Following the UK Government's announcement of withdrawal from Erasmus+, [a joint statement was issued in January 2021](#) by the then-Further and Higher Education Minister Richard Lochhead and then-Welsh Minister for Education Kirsty Williams. It

stated that the Scottish and Welsh Governments would explore how Scotland and Wales could “continue to enjoy the benefits offered by Erasmus+”.

Also in January 2021, 145 Members of the European Parliament [wrote to European Commission President Ursula von der Leyen and Commissioner Mariya Gabriel](#) calling for the Commission to allow Scotland and Wales to have continued participation in Erasmus+. In February 2021, [Ursula von der Leyen replied to the letter](#) stating that the UK could only associate as a “whole, or not at all”.

In 2022, the Welsh Government launched the Taith international learning exchange programme. The Scottish Government has said it will replace Erasmus+ with a Scottish Education Exchange Programme (SEEP), but full details of this have not yet been announced.

Further background information is available in the [SPICe briefing prepared for the 24 May 2023 meeting](#).

#### *Proposed Scottish Education Exchange Programme (SEEP)*

The Scottish Government stated in the 2021-22 Programme for Government (PfG) its intention to replace Erasmus+ with a Scottish Education Exchange Programme (SEEP). The [PfG stated](#):

“We will...develop a Scottish Education Exchange Programme to support the international mobility of staff and learners, and work to resecure Scotland’s access to the Erasmus + Programme.” – [Programme for Government, 2021-22](#)

In a letter to this Committee on 19 May 2023, the Minister for Further Education, Higher Education, and Minister for Veterans Graeme Dey said that the Scottish Government had engaged with stakeholders and is “listening to the sectors and the needs of their learners and staff”. The Minister’s letter stated that the Scottish scheme would focus on “addressing the gaps in the Turing scheme”:

“...including in areas such as the participation of youth programmes, adult learners, and community learning.” – [Scottish Government correspondence with Education, Children and Young People Committee, 19/05/23](#)

The letter also stated:

“On dealing with the fundamental flaw in the Turing scheme, which is the lack of a multinational framework and the resulting impact on opportunities for students from the EU to benefit from studying in Scotland, we continue to explore options to support the vital bilateral exchange arrangements between educational institutions.” – [Scottish Government correspondence with Education, Children and Young People Committee, 19/05/23](#)

Giving evidence to the [Constitution, Europe, External Affairs and Culture \(CEEC\) Committee](#) in February 2022, the then-Universities Scotland Convener Professor Andrea Nolan said a Scottish scheme could take elements from Erasmus+ and the Turing Scheme:

“I would love us to combine short-term exchanges and a progressive approach as a feature that we carry through, and to have less of a focus on people having to do a year abroad. Those would be the main elements for me: the improvements that I saw in the Turing scheme and continuing support for inward students.” - [Official Report, 3/02/22](#)

Professor Nolan also highlighted the work universities had to do in order to build relationships in the aftermath of the UK’s withdrawal from Erasmus+:

“In short, the ideal scheme would have those reciprocal relationships. We are all frantically trying to build them; indeed, my institution, Edinburgh Napier University, has reached out to 65 of our Erasmus partners to ask for bilateral joint exchanges, and we have had agreement from, I think, 40 per cent of them so far. You can just imagine it, though: we once had this wonderfully organised multifaceted scheme, and now we are all suddenly making bilateral arrangements. The ideal would be a broad-based scheme with no bilaterals and funding for inward students.” - [Official Report, 3/02/22](#)

### *The Turing Scheme*

In December 2020, the UK Government announced the Turing scheme would open to UK students from September 2021, providing:

“...similar opportunities for students to study and work abroad as the Erasmus+ programme but it will include countries across the world and aims to deliver greater value for money to taxpayers.” – [UK Government media release, 26/12/2020](#)

Initial funding of £100m was provided for the first year of the scheme and this was expected to enable around 35,000 students to go on overseas placements and exchanges. The scheme is open to Scottish institutions. Organisations including schools, colleges and universities can apply for funding for projects on behalf of their students. [Youth work organisations were eligible to apply for Turing Scheme funding for 2023/24 in partnership with schools, further education or vocational education and training providers.](#)

Eligible organisations bid for funding, giving an overview of their project’s proposed activities and budget. Successful bidders then make grants available to their learners so they can take part in international placements. Projects must focus on four main objectives: global Britain; levelling up; developing key skills; and value for UK taxpayers.

The Turing Scheme funds the expenses of UK students studying abroad but does not fund students from abroad to study in the UK as Erasmus+ did.

The Turing Scheme is intended to promote widening access and encourages applicants to set out how their bids will seek to widen participation to disadvantaged and underrepresented groups. A full list of widening access measures can be found in the [Turing Scheme Programme Guide](#). Further information, including a breakdown of funding amounts by nation and sector and percentage share of funding by nation is available in the [SPICe briefing prepared for the 24 May 2023 meeting](#).

The [HoC November 2022 briefing on Turing](#) notes Universities UK welcomed the Turing Scheme as a “fantastic development” but warned the number of international students may fall as a result of the scheme’s lack of funding for students coming to the UK.

Giving evidence to the [Constitution, Europe, External Affairs and Culture \(CEEC\) Committee on 3 Feb 2022](#), the then-Universities Scotland Convener Professor Andrea Nolan said that while universities were disappointed not to be part of Erasmus+, they were “trying to make a success” of the Turing Scheme.

Professor Nolan highlighted Turing’s focus on shorter-term exchanges as positive for those with caring responsibilities or from disadvantaged groups. The lack of inward mobility was highlighted as a “real challenge”. Professor Nolan said:

“For us, an ideal programme would have some of the features of Turing such as short-term mobility, but it would also enable students to come into our universities.” – [Official Report, 3/02/22](#)

[In a written submission to this Committee in May 2023, Colleges Scotland said a lack of templates to draw on for creating inter-institutional agreements has resulted in difficulties for institutions trying to arrange Turing placements.](#)

[Colleges Scotland also highlighted complexity and a lack of transparency when applying for funding from the Turing Scheme, funding rates not reflecting the rise in the cost of living, hidden costs of staff travel, and lack of access to partial funding.](#)

### *Taith*

In March 2021, the Welsh Government announced that their [replacement Erasmus+ scheme would start from 2022](#), with funding of £65m up to 2026. The scheme is called Taith, which is Welsh for ‘journey’.

Taith is open to learners and staff in adult education, further and vocational education, higher education, schools, and youth work. Participating organisations in Wales can invite international partners and learners to study, train, volunteer or work in Wales.

The first programme (2022 to 2026) aims to fund 15,000 people from Wales to go on exchanges. 10,000 people from all over the world will come to study, train, volunteer

or work in Wales. In its first year, Taith has provided over £10m for 51 international learning exchange projects. This has:

- Benefitted over 100 organisations from across Wales; and
- Resulted in over 6,000 exchanges with 95 different countries.

Taith also awarded £10m to Universities Wales to deliver the Global Wales project. This brings together Welsh further and higher education institutions and organisations to work collaboratively to boost Wales' international profile, build networks and partnerships and support international recruitment.

The [Taith Programme Strategy](#) sets out five main objectives:

1. To deliver an inclusive, all-Wales programme to get more people involved in international exchanges, to broaden the horizons and confidence of young people, learners and staff at all levels in Wales, give them life-enhancing opportunities and support them to become ambitious, capable learners throughout their lives.
2. To promote collaborations between Welsh and international organisations that enable two-way learning exchanges to benefit everyone involved, build international links, and support the education sectors, including youth work and adult education.
3. To encourage ambitious, innovative and creative activities that represent the best in international education exchanges and collaboration.
4. To raise the international profile of Wales as an open, outward-looking and globally responsible nation, committed to building on its legacy of international partnerships and relations.
5. To help deliver Welsh Government priorities in transforming international engagement and developing the best in international education and youth sectors through sustainable actions that benefit current and future generations in Wales.

The programme is also committed to improving access for people with disabilities, additional learning needs, underrepresented groups and people from disadvantaged backgrounds. It seeks to promote Wales and the Welsh language to the world. It also seeks to encourage sustainable travel.

#### *ECYP Committee evidence session on international student exchange programmes*

On 24 May 2023, the Committee heard evidence on International Learning Exchange Programmes from Susana Galván, executive director, and Elid Morris, head of operations, Taith; and Liz Green, workforce and practice manager, YouthLink Scotland. A full transcript of the session can be found in the [Official Report from the meeting](#).

During the session, the impact of leaving Erasmus+ was discussed with Liz Green of YouthLink Scotland stating that the removal of Erasmus+ funding and opportunity has had a “huge” and “significant” impact on the youth work sector at a time when it is stretched. She also highlighted the role of youth work in helping young people who would not otherwise have gone on to further or higher education to take up such opportunities.

Describing Turing as “not really made for our sector”, Liz Green said the youth work sector “cannot really access it”. As a result, the sector is working to secure other sources of funding, including one bilateral funding source from UK-German connections. She also stated that professional learning opportunities offered by Erasmus+ were not available via Turing and this is another area that has been hard to replace.

Liz Green said YouthLink would like to see SEEP:

- Offer an exchange programme that included the youth sector as soon as possible.
- Include a ring-fenced youth work strand, designed in partnership with the youth sector and covering all the strands available through Erasmus+.
- Be more accessible to grassroots organisations by enabling full cost recovery.
- Align with the European Youth Work agenda to ensure relevance to partners.
- Include inward and outward mobility.
- Build accessibility into the scheme, for example by including a top-up inclusion fund for unforeseen costs.

Later in the session, Susana Galván said that Taith “can tick all those boxes” outlined by Liz Green.

Liz Green advised the Committee that YouthLink Scotland had engagement with the Scottish Government on the potential SEEP scheme, but that progress had paused in the second half of 2022, and progress meetings with Scottish Government officials had paused since the beginning of 2023. She later added:

“The youth work sector is absolutely crying out for programme. The longer we wait, the more young people are missing out on opportunities, the more tenuous our relationships and connections with previous partners become, and the less confidence Scottish organisations have to do international exchange.” – [Official Report, 24/05/23](#)

Susana Galván and Elid Morris from Taith explained to Committee members how the Taith scheme was set up, with Cardiff University hosting the programme and setting up Taith as a subsidiary company of the university, with its own independent board. This model was used to ensure Taith a degree of independence and sustainability. The programme is funded by the Welsh Government and Taith reports to it as their funder. Susana Galván said her personal belief was that the funding being given to a

newly created agency was positive because “a fresh start with a fresh team” had benefitted the scheme.

Taith is open to all education sectors: higher, further, vocational, training, schools, the youth sector, and the adult learning sector. It supports inward and outward mobility opportunities.

Organisations that can apply for Taith funding can also apply for Turing funding. Explaining how the Taith offer works alongside Turing, Susana Galván said:

“We also look at Turing policy quite closely, to ensure that what Taith offers is not in direct competition but there is some alignment in policies and criteria, and that, at the same time, through consultation with the sectors, we fill gaps in Turing.

One piece of feedback from the Welsh sectors that also applied for Turing is that we can engage with them much more closely. Turing is a large scheme, which deals with many more organisations than we do in Wales, so that difference has been welcomed.

The Welsh Government works closely with the UK Government Department for Education and is closely involved in that level of dialogue on Turing. Our relationship is more at working level, in that we share notes and best practice and try to learn from each other.” – [Official Report, 24/05/23](#)

Susana Galván said that while Taith did not have a working relationship with Erasmus+, there is ongoing dialogue and shared networks. She also highlighted learning from other exchange programmes such as that of Switzerland, which is smaller than the Erasmus+ scheme and, therefore, more comparable with Taith.

The timeline for setting up Taith – with its announcement in March 2021 and launch in February 2022 – was described by Susana Galván as a “key challenge”. In addition, the current visa regime was described as making it “really difficult” for mobilities of the scheme to take place. The fact that Taith was not as well-known as Erasmus+ also posed a challenge to mobility.

On engagement with the Scottish Government, Elid Morris said Taith had initial engagement about the principles of the programme and would be able to have more detailed conversations following in depth analysis of Taith data.

On the next steps for Taith, Susana Galván said that the project is seen as “alive”, with changes made as soon as gaps and necessary adjustments are identified. She said a big measure of success would be the Welsh Government committing to funding Taith beyond 2026.

#### *Correspondence with Scottish Government on SEEP*

The Committee Convener [wrote to the Minister for Higher and Further Education, and Minister for Veterans Graeme Dey on 1 June 2023](#), inviting him to attend the Committee and setting out several questions about SEEP following the 24 May 2023 evidence session.



In her letter, the Convener asked for a response to the following questions ahead of the Minister's appearance:

1. In its Programme for Government 2021-22, the Scottish Government pledged to "develop a Scottish Education Exchange Programme to support the international mobility of staff and learners, and work to re-secure Scotland's access to the Erasmus + Programme" (p 46). Can you clarify what work has been undertaken to date to establish a Scottish Education Exchange Programme?
2. Although only established last year, the education exchange scheme in Wales, Taith, already appears to be operating successfully. As such, it may provide a useful model for a future Scottish scheme. The Committee is aware that there has been some interaction between Taith and Scottish Government officials. Can you provide an update on this?
3. What assessment has been made of the cost of establishing a Scottish Education Exchange Programme?
4. Has the Scottish Government piloted any international learning exchange schemes to date to inform the development of SEEP? If so, please provide further details.
5. How would SEEP guarantee two-way movement to ensure that Scottish students can benefit from experiences overseas but also that Scotland attracts overseas students?
6. Which governance structures do you envisage being put in place to ensure the operation of SEEP is appropriately managed?
7. What is the timeline for SEEP's introduction and why has it not been introduced before now?

In his [response to the Committee on 13 June 2023](#), the Minister stated that Scottish Government officials had engaged with policy colleagues and the education sector around setting up SEEP. The impact of the Turing Scheme is being reviewed.

The Minister again stated the intention to ensure that a Scottish programme would address any gaps in current provision.

Regarding meetings held on Taith, the Minister said that Scottish Government officials had regular engagement with the Taith team until summer 2021 in order to learn from their set-up process. Since then, progress has been reported via monthly catch-up meetings with Welsh and Northern Ireland officials.

In relation to the costs of setting up a Scottish scheme, the Minister said that modelling was carried out by Scottish Government economists in Spring 2022. However, he did not provide further information about this modelling. In response to the Committee's question on governance structures, the Minister said this would be informed by working with sector partners, including the Welsh Government and the UK Department for Education.

The Minister also stated in his response that the benefits of a pilot scheme are being considered. While a timeline for delivery was not given, the Minister said the Scottish Government “will work as quickly as possible to provide certainty to partners on the timetable for delivery of this commitment.”

### **Ongoing FE/HE issues**

As part of its scrutiny work, the Committee has been keeping a watching brief on areas of ongoing interest within the Minister’s portfolio.

The Committee held a one-off session on universities at its meeting on [28 September 2022](#). For that [session](#), submissions were received from UCU Scotland, NUS Scotland, Universities Scotland and the Scottish Funding Council.

College and university funding was a focus of the Committee’s pre-budget scrutiny for 2023/24. The Committee’s [pre-budget scrutiny letter](#) highlighted a number of issues; the Committee received a [response from the Cabinet Secretary](#) on 20 December 2022. The Committee also covered these issues in an [evidence session](#) with the Cabinet Secretary for Education and Skills on the budget for 2023/24 on 18 January 2023.

The Committee took evidence from the Minister at its [meeting on 17 May](#) on university and college funding in the 2023/24 budget. On 31 May 2023, the [Convener wrote to the Minister](#) on behalf of the Committee to request follow-up information in several areas covered at that meeting. The Committee received a [response from the Minister](#) on 13 June 2023.

Questions asked by the Committee are highlighted in bold below, with the Minister’s response underneath each heading.

#### **1. Where funding would be taken from within the Education budget to fund the teacher’s pay settlement.**

The Minister stated that work to identify funding for the teacher’s pay settlement was ongoing, it was hoped this would be concluded as quickly as possible, and changes to 2023/24 budget allocations will be reported to Parliament as part of the autumn and spring budget revision processes.

#### **2. The Education Directorate’s operating cost for 2022/23 and 2023/24, anticipated overspend and what has been done to identify efficiency savings.**

The Minister said that the Provisional Outturn Statement containing high-level portfolio results will take place on 15 June 2023 and the Provisional and Final Outturn for 2023-24 will be published in 2024. Draft accounts for 2022/23 containing operating costs across all portfolios will be provided to Audit Scotland by the end of June, audited accounts and the accompanying Audit Scotland report will be published toward the end of the year.

### **3. Future governance of the Glasgow college region and future of the Glasgow College Board.**

The Minister stated that SFC was working on a set of options for the future of Glasgow Colleges Regional Board (GCRB), working with the Glasgow Colleges Group and stakeholders to develop these options. Following this, Ministers will take a view on next steps. The Minister did not set out a timescale for this.

In the [Scottish Government response to the Committee's College Regionalisation report](#), the Cabinet Secretary for Education and Skills said the Scottish Government is considering options for governance in the Glasgow region. The decision would then be put out to a 12-week public consultation to gather views.

During the Committee's debate on the College Regionalisation inquiry report, the Minister said:

"I understand the arguments about the cost savings and reducing what is seen as bureaucracy—there is a view that the board represents an additional and unnecessary level of governance. However, such a move would require legislation, so that action could not be taken immediately. In addition, if we took such action, I, as the minister, would want to be confident that an appropriate level of oversight was in place in Glasgow." – [Official Report, 13/06/23](#)

On governance changes in the Lanarkshire region, the Cabinet Secretary said in her letter that the Scottish Government is "awaiting advice on options from SFC before adopting any governance changes".

### **4. Flexibilities for colleges in managing their budgets.**

The Minister said officials had engaged with Colleges Scotland and the Chair of the College Finance Director Network to learn more about what flexibilities would most benefit the sector. Describing this work as "ongoing", the Minister said the Committee would be kept updated with progress.

In the [Scottish Government's response to the Committee's report](#) on College Regionalisation, Cabinet Secretary for Education and Skills Jenny Gilruth provided further detail of the flexibilities for colleges for 2023/24:

"...including changes to guidance which will enable colleges to deliver the optimal balance of full-time and part-time provision. Lower minimum activity thresholds (credit targets) have been set for funded allocations as a first step in working with colleges to move towards allocations that more closely reflect anticipated student activity. In addition, to recognise semi-fixed costs, a proportion of SFC's funding will not be directly related to the delivery of teaching activity and will therefore not be at risk of recovery (claw back) where minimum thresholds are not met, which was previously the case." – [Scottish Government correspondence, 12/06/23](#)

- 5. Timescales for the International Strategy for the higher education sector, the Purpose and Principles Statement and the Withers report on skills.**
- 6. A timescale for the Purpose and Principles Statement consultation and an update on the Minister's annual Letter of Guidance to the Scottish Funding Council (SFC).**

No timescale was given by the Minister for the publication of the International Education Strategy or Purpose and Principles statement.

The [Withers review has since been published](#). The Minister said following publication of the Withers review, the Scottish Government now intended to engage with the relevant agencies, organisations and stakeholders before taking forward any reforms.

Key recommendations of the review include:

- A new approach to skills planning at national and regional level, with Scottish Government taking the lead.
- Establishment of a single public body with responsibility for funding and oversight of post-school learning, bringing together functions of SDS, SFC and possibly SAAS.
- The new qualifications agency to have responsibility for overseeing development and accreditation of all publicly funded post school qualifications.
- Reform remaining functions of SDS to develop a national careers service.

The Minister wrote to the Committee on 7 June 2023 to advise on the publication of the review. The Minister stated in his letter:

“We have heard loud and clear the calls for reform and won't shy away from decisions which will deliver better services for learners and employers and simplify the operating environment for our colleges, universities and training providers.” – [Scottish Government correspondence, 7 June 2023](#)

The Committee previously carried out a short inquiry into skills alignment with business needs, which covered related issues including skills planning and apprenticeships. The Committee [wrote to the Scottish Government](#) on 11 February 2022 and received a [response](#) on 11 April 2022.

- 7. When a decision on the inclusion of trade union representatives on college boards could be expected.**

The Minister outlined that the Scottish Government intends to bring forward a statutory instrument this Autumn making the necessary amendments giving effect to the proposals to add trade union nominees to the boards of colleges. These requirements would come into force in January 2024.

- 8. The number of Scottish-domiciled students attending university in England.**

UCAS' 2022 End of Cycle Report shows that there are 1,550 Scottish Domiciled applicants studying at institutions in England in the 2022 cycle. The Minister's response states that since 2013, this number has fluctuated between 1,520 and 1,780.

### **9. Whether the Government is tracking and monitoring college redundancies and their impact on course availability and learning pathways.**

In his response, the Minister stated that while it was for individual colleges to take decisions on staffing levels and course provision, he had written to college principals on 7 June to "reiterate the importance the Scottish Government places on the use of fair work practices in the college sector, making clear it is my expectation that every effort should be made, in consultation with the campus trade unions, to protect jobs."

The Minister went on to say he expected colleges to offer an appropriate notice period allowing a full consultation period with staff and trade unions and time and space to consider redeployment options.

He also said officials are engaging with SFC to build a picture of the scale of redundancies and the impact this may have on provision.

During the Committee's debate on the College Regionalisation inquiry report on 13 June 2023, the Minister said that while the college sector had to have regard to public sector pay policy, "it is not directly bound by it". The Minister added:

"I recognise that, regrettably, compulsory redundancies might be unavoidable in some circumstances. However, in my letter to principals and chairs last week, I reminded them of my expectations in relation to the approach that they should take on that issue." – [Official Report, 13/06/23](#)

#### *FE/HE Budget*

The Committee heard evidence from the Minister on 17 May 2023 regarding the Scottish Government's reversal of a planned resource funding increase of £26m and £20m respectively for the college and university sectors in the 2023/24 Budget. The [SPICe briefing for the 17 May 2023 meeting](#) sets out further detail on this.

During the session, the Minister stated that the funding decision was:

"...principally about the teachers' pay settlement." – [Official Report, 17/05/23](#)

During the session, Members were told that the total cost of the teachers' pay settlement from 2021/22 to 2023/24 was £188 million. The Committee asked that the Scottish Government update them on where the rest of the money would be found within the education budget.

Ahead of the Committee's 17 May 2023 meeting, a Universities Scotland submission to the Committee on the FE/HE Budget stated:

"The Scottish Government's deprioritisation of funding for universities is not a new decision for FY/AY 2023/24. This is the latest in a long-term erosion of

the real terms value of university funding. Before this decision was taken, university teaching funding had already been cut by the Scottish Government by 27% in real terms between 2014/15 and 2022/23. The main research grant had been cut by 31% in real terms over the same period.” – [Universities Scotland submission](#), 11/05/23

When the Minister gave evidence to the Committee on 17 May 2023, he challenged this, stating:

“You spoke about a figure representing the decline in funding for university students. The universities arrive at that figure by using a methodology that is at odds with the one that is used not only by the Scottish Government but by your colleagues down south. I therefore challenge the figure that is being quoted. Do I recognise the general point that you made about decline? Yes, I do. However, if you use the same methodology as is used by the UK Government and ourselves, it is not on the scale that has been portrayed.” – [Official Report, 17/05/23](#)

Universities Scotland wrote to the Committee on 19 May 2023 setting out that RPIX was used to calculate real terms change figures. The letter states:

“This [RPIX] is an approach adopted by stakeholders in many other sectors due to the fact that the GDP deflator (the factor used commonly across government) has differed significantly in recent years from the real profile of cost increases faced by organisations. The use of the GDP Deflator is therefore currently a poor choice to consider the impacts of funding decisions on the financial stability of organisations and the resultant impacts on the breadth and quality of services that they can offer.” – [Universities Scotland letter to ECYP Committee, 19/05/23](#)

### *University student numbers*

#### **International fees and sector income**

In its [September 2022 submission to the Committee, SFC noted](#) that tuition fee revenue is the largest source of income for universities. Due to growth in international fee income, the sector’s reliance on SFC grant is forecast to reduce from 31% of total income in 2020/21 to around 25% of total income by the end of 2023/24.

The latest [HESA statistics for income and expenditure for 2021/22](#) show that income from tuition fees and education contracts was £1.7bn in 2021/22, up from £1.5bn in 2020/21. In 2021/22, income from tuition fees and education contracts was approximately 37% of total income for the sector.

Income from funding body grants was £1.2bn in 2021/22, down from £1.4bn in 2020/21. In 2021/22, funding body income represented approximately 26% of total income for the sector.

SFC’s September 2022 submission described international tuition fee income as “an area of significant fluctuation and risk due to the competitive nature of the

international market and exposure to external shocks as illustrated by the COVID-19 pandemic.

**Table 1** shows student enrolments by domicile at all years and all levels of study. The table shows that while the number of EU enrolments has fallen in recent years, the number of Scots-domiciled students has risen slightly, and the number of international non-EU students has risen more sharply – up by over 17,000 between 2020/21 and 2021/22.

**Table 1: Student enrolments by domicile at Scottish universities (all years, all levels of study)**

	2017/18	2018/19	2019/20	2020/21	2021/22
England	26,720	26,715	26,780	29,520	30,665
Wales	850	875	870	1,000	1,105
Scotland	160,875	163,470	167,030	180,170	183,025
Northern Ireland	4,175	4,050	3,940	3,755	3,670
Other UK	250	245	245	250	290
<b>Total UK</b>	<b>192,865</b>	<b>195,355</b>	<b>198,865</b>	<b>214,690</b>	<b>218,755</b>
European Union	21,605	21,505	20,895	20,550	17,140
Non-European Union	32,740	36,570	40,695	47,630	65,300
<b>Total Non-UK</b>	<b>54,345</b>	<b>58,075</b>	<b>61,590</b>	<b>68,180</b>	<b>82,440</b>
Not known	10	45	35	5	35
<b>Total</b>	<b>247,220</b>	<b>253,475</b>	<b>260,490</b>	<b>282,875</b>	<b>301,230</b>

Source: [HESA: HE Student enrolments over time](#)

[Universities Scotland's submission to the Committee in September 2022](#) stated that universities are using income from international student fees to make up for the “funding gap” – the term used to describe the difference in teaching income between universities in Scotland and universities in England. The Universities Scotland submission states the funding gap is between £4,000 and £7,000 per student, depending on the subject studied.

Universities Scotland stated that Scotland's university funding model “bakes in” reliance on international fees, and action is needed to address the situation before it reaches a critical point.

## Students eligible for funding and funded places

SFC published its [2022/23 Students Eligible for Funding report](#) on 13 June 2023.

This report highlighted UCAS data showing that the number of Scottish-domiciled applicants aged 18 or under accepted for a place at a Scottish institution is increasing. In 2018/19, the number of acceptances was 14,890 and in 2022/23, the number was 17,120.

**Table 2** provides a comparison of SFC and Scottish Government Funded Places with Taught Postgraduate and Undergraduate Students Eligible for Funding, 2018-19 to 2022-23.

**Table 2: Comparison of Funded Places with Taught Postgraduate and Undergraduate Students Eligible for Funding, 2018-19 to 2022-23**

Funded Places / Students Eligible for Funding	2018/19 FTE	2019/20 FTE	2020/21 FTE	2021/22 FTE	2022/23 FTE	% change from 2021/22 to 2022/23	% change from 2018/19 to 2022/23
Funded places	128,680	128,970	131,320	138,960	138,830	-0.1%	7.9%
Taught postgraduate and undergraduate students eligible for funding	141,560	142,105	150,000	146,040	138,130	- 5.4%	-2.4%
% difference between students eligible for funding and funded places	10.0%	10.2%	14.2%	5.1%	-0.5%		

Source: [SFC Students Eligible for Funding 2022/23](#)

‘Students eligible for funding’ will mainly be Scottish-domiciled students that qualify under the residency criteria for student support. New EU students no longer qualify for funded places following the UK’s departure from the EU, but EU students starting a course prior to 2021/22 will continue to be eligible for funding until they finish their studies.

In response to a Parliamentary Question from Alex Cole-Hamilton MSP in November 2022 asking when the “cap on funding for Scottish students seeking to study at Scottish universities” will next be reviewed, the then-Minister for Higher Education



and Further Education, Youth Employment and Training Jamie Hepburn said that the budget allocation was reviewed on an annual basis to respond to university and student demands. His response also stated:

“Scottish Universities are autonomous institutions and as such, with the exception of controlled subjects, the Scottish Government and Government Ministers do not direct individual universities on the number of funded places made available for specific subjects for eligible Scottish and EU domicile students. Universities are allocated a finite amount of money and it is then for the universities themselves to decide: how to distribute these places between faculties; the courses they offer; and how many of the total funded places will be available on each course. To give universities additional flexibility in student recruitment, the Scottish Funding Council allows universities to recruit up to 10% above the number of funded places awarded.” – [Parliamentary Answer, 5/12/22](#)

### *Flexible Workforce Development Fund*

The Flexible Workforce Development Fund (FWDF) was introduced in 2017-18. Employers who pay the Apprenticeship Levy can apply for up to £15,000 to help retrain and upskill their workforce.

FWDF enables employers to address their skills needs by accessing funding to create the training programmes they need. Programmes can be delivered in partnership with colleges, the Open University in Scotland, or an independent training provider. SFC administers the scheme on behalf of colleges and the Open University, while Skills Development Scotland administers the scheme for independent training providers.

[An evaluation](#) in January 2023 found that: FWDF was “largely working well”.

Findings of the evaluation relevant to colleges included:

- Around 1,350 unique levy-paying employers had been supported through FWDF so far, and that the total number of employers supported by colleges has increased in each academic year compared to the pilot year.
- A recommendation that consideration should be given to how colleges could be helped with promoting the funding in future – for example by help with administration costs or the development of national level marketing.
- Spend across the college network varies, and this is down to how funding is allocated, the number of levy-paying employers in each college region, and the extent of college resource, capacity and commercial focus.
- Levels of engagement from non-levy payers across the college network are varied.

During its inquiry into College Regionalisation, the Committee heard that the extension of the FWDF to SMEs in 2020-21 has helped improve their engagement with colleges. The Committee’s report following the inquiry recognised the FWDF

has had a role in enabling colleges to work meaningfully with local employers and encouraged the Scottish Government to look at what more could be done to improve engagement further.

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