

Board of Management

Date of Meeting	Wednesday 26 August 2020
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Agenda Item	5.1
Subject of Paper	SFC Review of Coherent Provision & Sustainability
FOISA Status	Disclosable
Primary Contact	Michael Cross, Director, Corporate Support
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Action	For Noting

1. Recommendation

This paper is for information and noting. The Principal would be glad to take any questions members may have.

2. Purpose of report

- 2.1 The attached paper is a response from the joint authors of the Cumberford – Little Report (<https://view.pagetiger.com/inlhij/1/PDF.pdf>) to the current review of coherent provision and sustainability in further and higher education (<http://www.sfc.ac.uk/review/review.aspx>) commissioned from the Scottish Funding Council by Scottish Ministers on 3 June this year.
- 2.2 The SFC is operating to three reporting phases: August and December this year; and May 2021; and to what it describes as two time horizons - academic year 2020-21, and a four year change horizon.

3. Context

- 3.1 Board members will recall the Cumberford – Little report, published in mid-February this year, was a response to an invitation from Scottish Ministers to assess the economic impact of Scotland’s colleges.
- 3.2 The subsequent report – “*One Tertiary System: agile, collaborative, inclusive*”, was unanimously endorsed by college principals, and welcomed by employers, and Government alike. It attracted support from a range of other bodies, including the Royal Society of Edinburgh, the Government’s Enterprise & Skills Board, and the Advisory Group on Economic Recovery.
- 3.3 The report is also considered by the UK Commission on the College of the Future as a seminal document in charting the future of colleges in Scotland, and is likely heavily to influence the Commission’s recommendations - particularly those that relate to Scotland.
- 3.4 Against this background, the joint authors agreed with fellow principals to develop a response to the SFC’s review, basing it on the arguments and recommendations in their Report. The italicised headings in the response reflect the questions SFC has posed.

4. Impact and implications

- 4.1 The SFC’s review is likely to have profound implications for the future of tertiary education in Scotland, addressing matters such as structure, funding, accountability, and quality. It may consider the priorities Ministers set for post-16 learning; the balance of investment across tertiary provision; and how funding and performance regimes can incentivise delivery of the type of provision employers and learners need, including the extent to which outcome agreements might be simplified to that end.
- 4.2 It may also consider the opportunities for structural change in both the college and university sectors, particularly give the priority of efficient delivery. We shall keep board members in touch with the progress of the SFC review.

SFC Call for Evidence: A Review of Coherent Provision and Sustainability in Further and Higher Education

Submission from the authors of the Cumberford - Little Report

A). *What do you think works well in the current further and higher education arrangements that we should keep in order to secure Scotland's inclusive social and economic recovery from the current pandemic? How can we best preserve and strengthen those features of education and innovation in Scotland that we most prize, in a very challenging funding environment?*

- This is fundamentally a matter of recognising the asset value created through regionalisation. The forthcoming report from the UK Commission on the College of the Future is likely specifically to identify Scotland's regionalised system as a key strength in delivering institutions of scale, influence and impact – though it may contend we are yet fully to realise the value of that system.
- In our report, we argued that colleges should form part of a coherent, balanced tertiary system in which the strengths of all actors were recognised and investment decisions made accordingly. This approach would better exploit colleges' ability to play a central role in driving a fair and sustainable society and economy as the world changes. But it requires a 'mission-driven' approach to funding, governance, performance measurement and accountability, and a shift from institutional management to system leadership.
- Colleges' track record in responding rapidly to Government priorities is a matter of record – their work in helping avert widespread youth unemployment in the wake of the financial crash of the mid-2000s is a case in point, and one celebrated by Ministers at the time. It is essential we retain the flexibility and agility to help individuals, employers, and communities, particularly given the likely scale of the socio-economic crisis unleashed by COVID-19. Indeed, we note the recent report from the Enterprise and Skills Strategic Board's sub-group¹ places a similar premium on "*maximis[ing] the flexibility of college and university provision to meet the critical skills needs of employers and the future economic vision of Scotland.*" In that world, colleges can help to empower every citizen, support employers as they pivot to new business models, and strengthen communities at risk of exclusion. And beyond those core priorities, they must be seen afresh as public assets, better used at the heart of policy making: we are clear this is as true for portfolios in health, justice, and culture (for example) as it is for education and economic policy.
- All this demands the redefinition of colleges' purpose that we proposed in our report, alongside supportive funding and performance systems. On the former, we want to be clear that funding remains a difficulty. It is a matter for Government as to how it might address this, and we recognise the many pressures it currently faces. However, there has been some commentary that our C-L proposals pit colleges against universities in a race for funding. The fact is there is a significant imbalance between the two sectors – particularly on relative levels of SFC investment in innovation and strategic activity; moreover – as we identified – the unit cost of provision in the two sectors does differ widely. It is of course within the Government's gift to maintain university funding and increase that for colleges. The crucial point for us is that colleges are properly resourced to the job expected of them; and that the system in which they operate is better connected so as to allow all parts to work together to deliver what Scotland needs. We address the college/university imbalance in more detail in Section F.

¹ <https://www.gov.scot/publications/report-enterprise-skills-strategic-board-sub-group-measures-mitigate-labour-market-impacts-covid-19/>

B). What do you think colleges should stop doing, or do differently, in order to contribute effectively to an inclusive social and economic recovery?

- While it is tempting to try to define those areas where colleges can do less, we are unconvinced there is 'slack' of that kind in the delivery of current provision. From our engagement with senior phase pupils to prepare them for work, to community-based access provision for those at risk of disengagement, to HE study, and up- and re-skilling work with employers, we are convinced of the value of all college provision. Indeed, there are new priorities emerging such as those identified by the Strategic Board's sub-group: digital, automation, artificial intelligence; the transition to a net zero carbon economy; health & social care; early years; construction; and technical STEM-D.
- But we need to be crystal clear about what a college does do, and in that context, we are unmoved from our view of the need for a refreshed purpose for colleges in Scotland, widely promoted by all stakeholders, starting with the Scottish Government. We are pleased that the Royal Society of Edinburgh's (RSE) response to our report (Annex A) finds our "... *recommendations demonstrate the ambition and agility of the sector in supporting the needs of the Scottish economy and our communities.*" and that "... *this ambition is evident through the vision for '21st century colleges' that the report presents. We agree that 21st century colleges should provide world-class lifetime learning, training, and high-quality employer support, in conjunction with equipping individuals with the skills they need to be successful in life and work.*" For the record, we repeat below our proposal for a new purpose for colleges:
 - Colleges provide world class lifetime learning, training and high quality business support, which:
 - shapes businesses, through value adding, symbiotic relationships that boost productivity and deliver for core economic sectors;
 - delivers transformative technological and professional education, pre-employment qualifications, up- and reskilling learners throughout a lifetime both at work, and beyond; and high quality cost effective public higher education, articulating seamlessly with the university offer, whilst also delivering accelerated college degrees;
 - connects with, and builds resilience in, the communities in which they're anchored, working in deep partnerships to minimise disadvantage and helping individuals to remain economically active; and
 - is part of a highly connected tertiary system, whose unique contributions are accorded equal value, and where colleges, alongside schools, universities, the third sector, and other actors, support all school leavers and older learners as they progress onwards on a coherent journey to - and subsequently through – work.

C). How can colleges best support Scotland's international connectedness and competitiveness in the post-pandemic, post-EU membership environment?

- We addressed the international agenda for colleges at some length in pages 56-63 of our Report. In summary, we remain of the view that there are, and will remain, export opportunities for Scottish college education – though we accept the point that the RSE makes in suggesting such opportunities may benefit from "... *more strategic, sector-wide approach to colleges' international ambitions, including the potential for collaborating with universities and others.*" Nonetheless, at our own colleges, the scale of our international efforts (to take just one example, those of City of Glasgow College

in the maritime sector) are significant. We repeat the headline point we made in our Report – that the export of Scottish college education also sees the export of Scotland’s indigenous and distinctive value set; our emphasis on universal access and progression pathways, and the corresponding impact on social mobility; and our pioneering thought leadership. A purposeful first step would be for SDI to discuss with colleges our proposal for greater sector involvement in trade missions, and discussion about inward investment.

D). *What opportunities and threats does the post-pandemic environment hold for colleges? How are you planning to address these challenges and opportunities?*

- The threats from COVID-19 have been well rehearsed, and may well prove to be of an unprecedented scale. In developing our Report, the prospect of a global pandemic was not a factor we considered; yet many of our arguments can be applied to a Scotland adjusting to, recovering from, and learning to deal with, the effects of COVID. We believe that the Government’s regionalisation agenda created colleges better able to withstand shocks than was the case with a 43 college network. Nonetheless, significant challenges remain, including:
 - the likelihood of greater numbers of students needing financial, mental health, and emotional support;
 - the ability of learners to adapt to and engage with a new blended curriculum, and the related high risk of digital exclusion;
 - the wide range of practical difficulties created by the need for tight management in college of essential public health measures;
 - lost commercial income from employers;
 - fewer international students; and
 - more generally, continued and increased financial pressures on a sector already forecasting significant annual deficits

- But there are (often medium-term) opportunities:
 - a premium on adding value and efficiency, where colleges’ relatively low unit costs, and the speed and flexibility of their provision, should prove attractive to employers and learners looking for an accelerated route from learning to work. We think those characteristics should be supported by a Government keen to see effective and efficient learner journeys;
 - the opportunity to change the type of qualifications on offer, with a sharper focus on employer needs, promoting the case for market-led micro-qualifications associated with short sharp learning interventions; this requires action from the SQA and others, as set out in recommendation 2 of our report; and
 - the prospect of further consolidation across the college and university landscape.

E). *What forms of collaboration within the tertiary education eco-system would best enable a coherent and effective response to these challenges and opportunities?*

- Ahead of detailing the areas in which the collaboration of this kind might best take root, it is first important to repeat the core messages from the final section of our report, where we directly consider the matter of system leadership. We conclude that the status quo sees colleges “... *sit in a system where the emphasis is on regulation, performance, activity targets and accountability – direction and regulation come from*

the top down.” In short, there is a lack of trust in leadership teams operating in the system. We think it is essential that this fundamental deficit is tackled. Doing so demands a common understanding of what should be shared goals, and performance systems that incentivise their pursuit; this means cross-silo leadership involving not just institutions, but Government and its agencies. There remains too much of a sense of separate activity led by different agencies, and less of the Team Scotland approach to which the Government rightly aspires. Again, we do not wish to repeat the detailed content of our report in this submission, but we offer a polite reminder that we have set out in full the characteristics of the one-system approach – including the necessary qualities leaders should exhibit.

- Against that backdrop, the obvious collaborations in the tertiary system are between institutions: colleges and universities working actively to accelerate and improve learner journeys. This (of course) includes progression for our more disadvantaged learners for whom the promise of a coherent system is not obvious in the pace of progress in articulation with so-called “advanced standing”. Similarly, we think colleges work with schools – specifically in the senior phase of secondary school (which has developed well through the lens of the Developing Young Workforce programme) - could further expand to offer more pathways to jobs.
- We have previously discussed the need for deeper collaboration between SFC and SDS where current arrangements continue to have a sense of competition rather than collaboration. We struggle to see the advantages of an arrangement that sees two funding and commissioning agencies in Scotland’s relatively small education and skills system, and the bureaucracy on which we commented in our report remains a barrier, despite some signs of improvement.
- We think there remains an opportunity for greater engagement of employers in the design and delivery of technological and vocational provision. Implicit in this are questions of the balance of investment between the individual, the state and the market, but there is surely a possibility of a regional approach to skills planning that has direct employer input – not from national representative bodies but from, for example, our Chambers of Commerce.
- Finally, the financial damage wreaked by COVID-19 at the macro level means we must be ceaseless in rooting out opportunities for more efficient delivery. In this context, there is a fundamental question to ask of the current number of colleges and universities in Scotland. Is that right for the decades ahead? The regionalisation programme in the college sector clearly made significant progress in that respect, but to our knowledge there has been no similar consideration in the university sector. And even for colleges, are we sure we have the optimum delivery mechanisms across the sector.

F). How can SFC, alongside government and other enterprise, skills and education-focused agencies, best support colleges to make their full contribution to Scotland’s inclusive, green and education-led recovery?

- In the context of how *scarce public resources should be prioritised to drive recovery*, we think our first recommendation is pertinent. We must focus on systems-wide, strategic, and longer-term outcomes; the Scottish government should set budgets for the medium-term, with the associated strategic guidance substantially slimmed-down from its current form. The SFC should provide funding on a multi-year basis (in indicative terms if necessary), through ‘single-line’, outcome-focused funding

settlements, supported by regional level outcome agreements endorsed by employers, as well as other partners.

- to drive progress on articulation with advanced standing, regional articulation agreements should include testing targets, and SFC should make this a condition of grant in funding for HEIs.
- On *agency collaboration*, we have already pointed to the need for SDS and SFC to continue their efforts better to align; for SDI to support colleges' international ambitions; and identified the opportunity for the SQA to drive new forms of micro-credentials. In addition, we note again Recommendation 2 in our report, and the attraction of a strategic alignment between colleges, the skills agencies, and their economic development counterparts. We think this is particularly pertinent given the scale of socio-economic challenge we now have to face.
- On *SFC's funding and accountability frameworks*, we suggest principles of simplicity, clarity and alignment with overall strategic ambition. Our report, and our separate submission, identifies how the outcome agreement regime could be reformed to that end. More specifically, a new funding model must achieve a sensible balance between accountability and allowing colleges the flexibility to respond to an increasingly wide range of circumstances; simplicity, and the need to incentivise impact, are similarly essential. Moreover, those current circumstances include a college sector forecasting significant and immediate deficits (compounded by COVID-19); and many colleges seeking SFC funding to support restructuring and/or transforming business models that may see significant changes in staffing. It follows that any new funding model must deal with immediate difficulties but be sufficiently resilient to support a sustainable long-term solution. Finally, in approaching the design of a new model, the SFC should prioritise the respective benefits of funding as a strategic investment for long term over the commissioning and transactional model of SDS, and the difficulties that creates.
- Additionally, our Report noted the significant funding imbalance between the university and college sectors. Covid-19 has prompted a debate on the university sector business model, its longer term sustainability, its role, and the associated SG policy direction. For example, does the 'new normal' demand large numbers of graduates and a system that promotes and drives college students to progress to university? There is now an opportunity to revisit fee policy, graduate targets, universities' respective focus on teaching and research, and the relative worth of vocational work at levels 7 and 8.

Conclusion

We agree entirely with the Strategic Board's sub-group's assessment that "*Now is the time to accelerate reform in the enterprise and skills system to drive greater collaboration and alignment. We need to enhance structures and processes and ensure greater flexibility as we respond to the unprecedented challenge we face over the next few years.*"

We were confident that our report, prepared when Scotland was COVID-free, was a blueprint for further releasing the potential of colleges that the regionalisation programme had created. We are further reassured by the positive responses we received from employers, by the unanimous support we received from our fellow College Principals, by the comments from the Royal Society of Edinburgh, and the supportive nature of the reports from both the Enterprise and Skills Strategic Board and the Advisory Group on Economic Recovery – whose report makes clear that "*When considering the role of the college sector, we drew heavily on the recent report and analysis by Audrey Cumberford and Paul Little. We asked the authors to provide an assessment of the new circumstances following the crisis.*" We were delighted to provide that update. Finally, we were heartened by the positive response from Government –

in discussion with Ministers and Cabinet Secretaries, and as set out in the Government's recent response to AGER's work. We should both be very happy to discuss this submission.

Audrey Cumberford & Paul Little

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