

# What is higher education?

There is no simple definition of higher education. The international definition of tertiary (post school) education divides it into two halves: Type A (what we would call higher education) and Type B (what we would call further education). A higher education qualification at degree level takes a minimum of three years to complete, more typically four. It will have a theoretical underpinning, it will be at a level which would qualify someone to work in a professional field and it will usually be taught in an environment which also includes advanced research activity.

Higher education qualifications in Scotland range from Higher National Certificates (lasting one year and usually taught in a further education college), through four year honours degrees to doctoral qualifications. All include a strong theoretical base, and many are also directly vocational in nature.

More than half of all school leavers in Scotland this year will have experience of higher education by the time they are 21.

## The sector in Scotland

There are 21 higher education institutions in Scotland; 13 universities, The Open University in Scotland, one university college, two colleges of higher education, two Art Schools, a conservatoire and the Scottish Agricultural College (which is funded directly by the Agriculture Department of the Scottish Executive). Contact details for all these institutions can be found on the back page of this briefing.


Scotland's universities developed in three stages, each with a different legal basis. The ancient universities (St Andrews, Glasgow, Aberdeen and Edinburgh) date from the 15<sup>th</sup> and 16<sup>th</sup> centuries. Four other institutions (Dundee, Strathclyde, Heriot-Watt and Stirling) achieved university title in the 1960s. The newest group (Glasgow Caledonian, Napier, Paisley, Robert Gordon and Abertay) became universities in the early 1990s. However, all universities are private bodies with charitable status. Each is overseen by its own Governing Body which has a majority of lay members.

There were almost 400,000 applications to study in Scotland in 2001. In 2001-02 there were a total of 180,440 students studying in the higher education sector in Scotland, about 28 per cent studying part time and 17 per cent studying at postgraduate level. About 11 per cent of the students come from outside the UK.

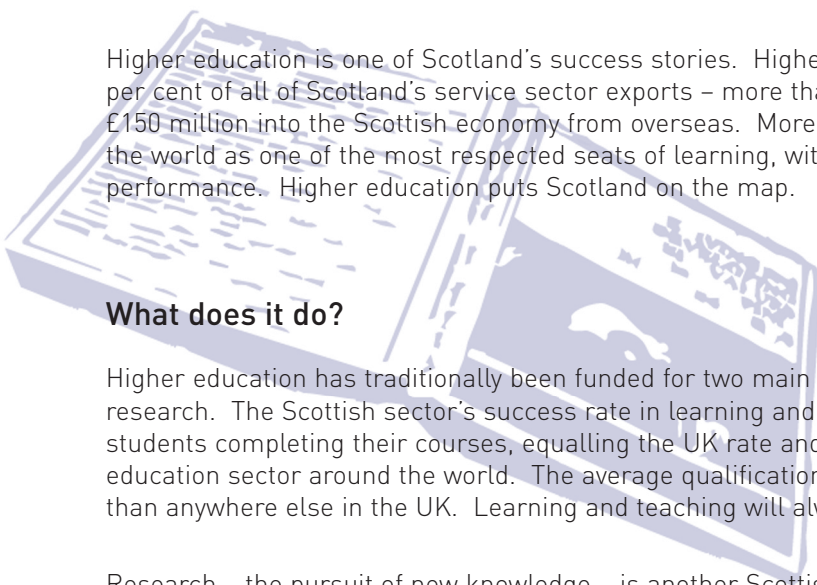
The sector employs 31,455 people directly. Including jobs elsewhere in the Scottish economy which exist because of higher education investment, one in 40 Scottish jobs is created by the higher education sector.

## Why do we need higher education?

Higher education benefits everyone, not just those who go to university. Engineers, doctors, scientists, teachers, dentists, librarians, pharmacists, many business leaders and many musicians, writers and artists learned their trade in higher education. None of us could manage without them.



Higher education is an essential motor of the Scottish economy, providing high-skill graduates, offering training and research and development for industry, and inventing new products and processes which can create new markets for Scottish industry. Higher education is also essential to the culture of Scotland, offering a seedbed and a shop window for many of those who will become the creative voices of Scotland's future, providing a space for people to think about and discuss Scottish culture, promoting out artistic achievements around the world and safeguarding the heritage of Scotland for future generations. Higher education is central to making Scotland a better place, informing public policy, breaking down inequality by offering a high-quality education for all, producing a generation of informed Scots and creating an essential forum in which to discuss the social, political, environmental and economic health of Scotland.



Higher education is one of Scotland's success stories. Higher education institutions account for nine per cent of all of Scotland's service sector exports – more than Scotland's banks – and bring more than £150 million into the Scottish economy from overseas. More than that Scotland is recognised around the world as one of the most respected seats of learning, with a fine tradition and an impressive current performance. Higher education puts Scotland on the map.

## What does it do?

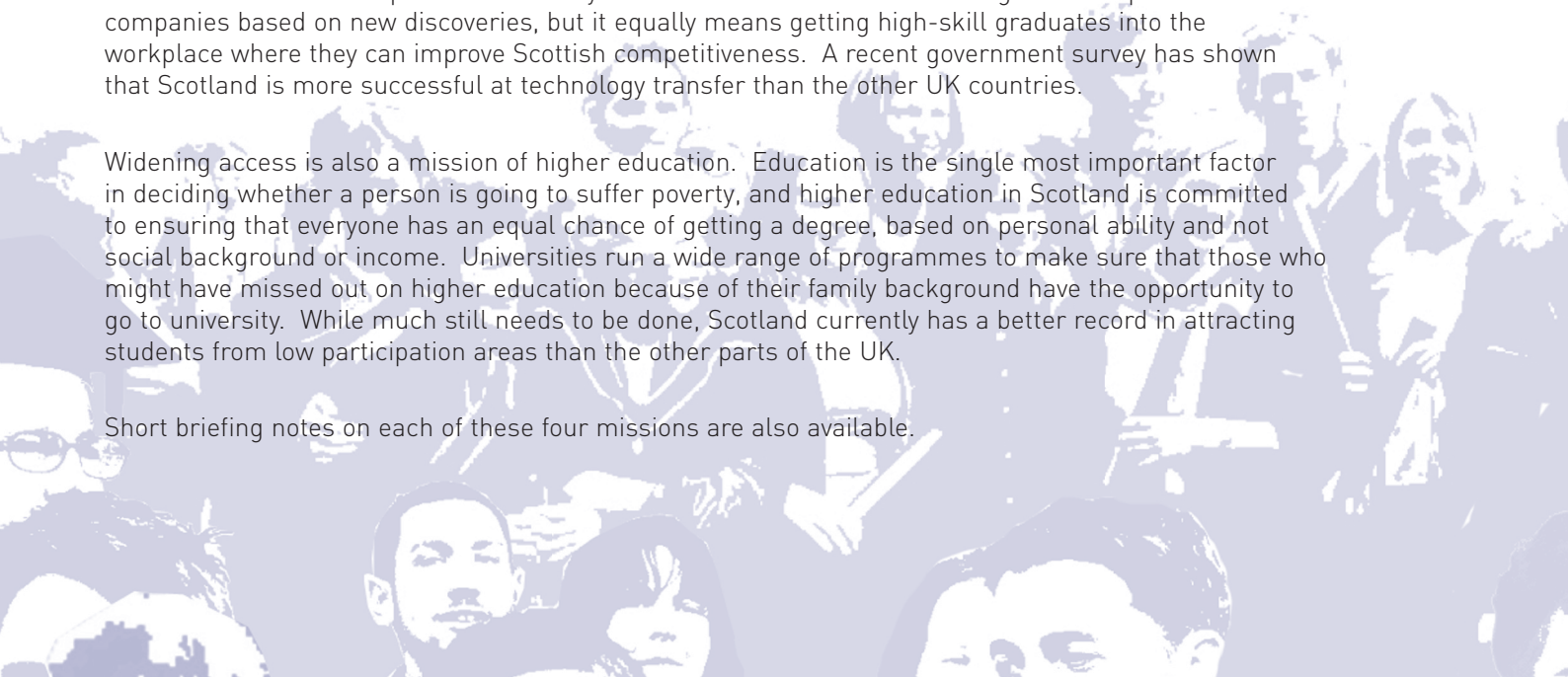
Higher education has traditionally been funded for two main 'missions'; learning and teaching and research. The Scottish sector's success rate in learning and teaching is good, with 84 per cent of students completing their courses, equalling the UK rate and better than any other comparable higher education sector around the world. The average qualification achieved in Scotland is of a higher standard than anywhere else in the UK. Learning and teaching will always be at the core of higher education.

Research – the pursuit of new knowledge – is another Scottish success. Per head of population, Scotland won £54 of competitive research funding in 2001 compared to £36 in England, £27 in Wales and £22 in Northern Ireland. In the 2001 Research Assessment Exercise, Scotland overtook the rest of the UK in average research quality.

But there are two other 'missions' which the sector is actively pursuing. Knowledge transfer is the process of getting the knowledge, ideas and discoveries created in higher education out of the universities and into the places where they can have the most effect. This might mean spin-out companies based on new discoveries, but it equally means getting high-skill graduates into the workplace where they can improve Scottish competitiveness. A recent government survey has shown that Scotland is more successful at technology transfer than the other UK countries.

Widening access is also a mission of higher education. Education is the single most important factor in deciding whether a person is going to suffer poverty, and higher education in Scotland is committed to ensuring that everyone has an equal chance of getting a degree, based on personal ability and not social background or income. Universities run a wide range of programmes to make sure that those who might have missed out on higher education because of their family background have the opportunity to go to university. While much still needs to be done, Scotland currently has a better record in attracting students from low participation areas than the other parts of the UK.

Short briefing notes on each of these four missions are also available.



## How is it funded?

The overall income of higher education in Scotland is £1.4 billion, but only about 56 per cent of its total funding comes from the public purse, down from 83 per cent in 1982. The rest is earned from private sources – research contracts, fees from overseas students, profits from intellectual property rights and other commercial activity. The sector has continually diversified its sources of income. However, the real-term funding per student was cut by 48 per cent between 1983 and 2000, and the current funding for higher education in Scotland is significantly below the OECD average.

Public funding is distributed in three main ways. Most of the money is paid through the Scottish Higher Education Funding Council (SHEFC), an arms-length agency which distributes money on behalf of the Scottish Executive. The Funding Council operates three main 'pots' of money. The largest is distributed as Teaching Grants (a total of £555 million in 2003-04). This is calculated on a formula based on the number of students studying different subjects, with subjects arranged into 13 pricing bands ranging between about £2,400 and £12,000 (averaging about £4,500 per student per year). The Teaching Grant is the main mechanism for funding universities and it pays for everything from libraries and halls of residence to rates bills and core teaching. It is up to universities how they allocate this money internally. The second 'pot' is the Research Grant which is used to sustain the research base – including maintaining laboratories and employing staff. This is distributed via a formula which is based on the Research Assessment Exercise (RAE), so universities with better RAE results get more of this money. The RAE-based grants for 2003-04 total approximately £139 million. There are smaller amounts to support postgraduate research (£15.6 million) and knowledge transfer (£6.5 million). Finally there is also a small pot which is used for special projects or where it makes sense to fund activity collectively rather than each institution individually.

SHEFC receives a 'Letter of Guidance' from the responsible Scottish Executive Minister late in each calendar year which outlines the money it will be given in the following academic year, along with a list of strategic priorities. SHEFC then distributes this between institutions along with specific targets. These 'Grant Letters' go out in March. Universities have to account for this money and how it is used, and must have internal and external audit, as well as audit overview by the Funding Council. Outputs are also measured through a range of performance indicators.

The second main source of public funding comes via the Student Awards Agency Scotland (SAAS). When up-front tuition fees were abolished, responsibility for paying the fee (currently £1,100 per year for three years) for most full-time undergraduates whose homes are in Scotland was transferred from the student to SAAS. In 2001-02 the amount paid was £82 million. Other than small amounts of money which come via Scottish Enterprise (such as the Proof of Concept Fund), the SHEFC and SAAS grants represent all the money which comes from the Scottish budget to higher education.

The third source of public funding is UK-wide and comes from the Westminster budget. There are a number of Research Councils which fund specific research projects in a range of academic fields. This money is bid for competitively by all UK universities on a project by project basis. Scotland won £85 million in this way in 2000-01.



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