



OFFICIAL REPORT
AITHISG OIFIGEIL

Education and Skills Committee

Friday 15 May 2020

Session 5



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EDUCATION AND SKILLS COMMITTEE

11th Meeting 2020, Session 5

CONVENER

*Clare Adamson (Motherwell and Wishaw) (SNP)

DEPUTY CONVENER

*Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

*Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP)

*Iain Gray (East Lothian) (Lab)

*Jamie Greene (West Scotland) (Con)

*Ross Greer (West Scotland) (Green)

*Jamie Halcro Johnston (Highlands and Islands) (Con)

*Rona Mackay (Strathkelvin and Bearsden) (SNP)

*Alex Neil (Airdrie and Shotts) (SNP)

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

*Beatrice Wishart (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Lorna MacDonald (Scottish Funding Council)

Karen Watt (Scottish Funding Council)

CLERK TO THE COMMITTEE

Roz Thomson

LOCATION

Virtual Meeting

Scottish Parliament

Education and Skills Committee

Friday 15 May 2020

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Clare Adamson): Good morning, and welcome to the 11th meeting in 2020 of the Education and Skills Committee. Agenda item 1 is a decision on whether to take in private items 4 and 5, which are to allow a discussion among members of the evidence that is taken today and to consider the committee's work programme.

As no members object, we agree to take items 4 and 5 in private.

Subordinate Legislation

Education (Miscellaneous Amendments) (Coronavirus) (Scotland) Regulations 2020 (SSI 2020/128)

10:01

The Convener: Agenda item 2 is consideration of a negative instrument, the details of which have been provided in paper 1. No members have comments on the instrument, so the committee agrees to make no recommendations on it.

Scottish Funding Council (Covid-19 Response)

10:01

The Convener: Agenda item 3 is a session with the Scottish Funding Council on its response to the Covid-19 outbreak. Before we begin taking evidence, I thank all the organisations that have highlighted issues to the committee. This is the committee's first session on issues related to Covid-19 and the effects on colleges and universities and their students. A further evidence session, with the Minister for Further Education, Higher Education and Science, will be held next Wednesday, which is 20 May.

I welcome, from the Scottish Funding Council, Karen Watt, the chief executive, and Lorna MacDonald, the director of finance. I invite Karen Watt to make a brief opening statement.

Karen Watt (Scottish Funding Council): Thank you for the opportunity to talk to everybody about the impacts, particularly the financial impacts, of the current Covid-19 emergency on colleges and universities. There is no doubt that Covid-19 presents a unique and significant external shock to further and higher education in Scotland. There will be a particularly large impact, with potential financial losses, on academic year 2020-21, particularly for the university sector. Of course, some of the issues that we might want to discuss relate to the cumulative multiyear impacts that the crisis will have.

The Scottish Funding Council's immediate priority has been to provide assurances and some stability and continuity at a very difficult time. We have ensured that an on-going schedule of payments has been maintained, and we have published funding allocations for the academic year 2020-21 to help institutions with their planning. We have been undertaking detailed analysis of the impacts of the emergency on colleges and universities in the immediate and medium terms, and the committee should have a background paper on that, which we have also published.

From that paper, you will see some of the most immediate impacts. In the university sector, we estimate that losses of about £72 million will be built up in this academic year, but we estimate that there will be losses ranging between £400 million and £650 million in the next academic year, depending on what happens with international student intakes.

Obviously, for the college sector, the immediate impact is less severe. We estimate that there will be losses in the region of £25 million in the current

academic year, but the losses will be much greater in the next year. However, the situation is dynamic. We are still at the stage of assessing the impacts and looking at putting immediate actions in play.

As well as looking at the sectors and at particular institutions, we are looking closely with a range of stakeholders at the impacts on students, particularly those who are facing hardship as a result of the emergency. As the committee will know, the Funding Council is responsible for further education student support and the Student Awards Agency Scotland is responsible for higher education student support. We have brought forward £2 million of advance funding for colleges so that they can meet the needs of students in hardship. We have provided a lot of guidance to colleges on how to redirect unallocated travel and childcare funds into discretionary funding, and we have removed the £4,000 cap in that regard. We are ensuring that, wherever possible, colleges can support those in digital poverty and are considering how to support students with their continued studies.

I pay tribute to colleges and universities, which have been amazing at responding swiftly and responsibly from the outset of the crisis. They have quickly moved to online teaching and, where possible, assessments. They have taken care to look after the health and wellbeing of their students and staff. They have also been making a huge practical contribution to the national Covid-19 effort by providing equipment and premises, and many of our universities have contributed to the world-leading research effort to tackle Covid-19. Colleges and universities will also play a vital role in helping Scotland to recover from the current situation.

I will stop there, so that we can start the conversation and I can answer members' questions.

The Convener: Thank you for that opening contribution. We will move to questions from the committee.

Rona Mackay (Strathkelvin and Bearsden) (SNP): In your opening statement, you touched on the students' experience. Is there a role for institutions such as yours in supporting students' mental health and wellbeing during lockdown? This is clearly a stressful time for students, emotionally and practically, as many of them would normally have part-time jobs in bars or restaurants to supplement their loans. The National Union of Students Scotland has recently highlighted that issue and has a campaign to promote mental health and wellbeing for students. As you said in your opening statement, you have brought forward £2 million of advance funding to support students at this time. Is that enough?

Could you do more? Will the situation be monitored to see whether £2 million is enough?

Karen Watt: We are very aware that these are, indeed, difficult times for many students. In technical terms, obviously, institutions have specific duties of care for students who are in residences during lockdown and, as corporate parents, they have legal responsibilities towards certain students, such as those who are care experienced. Beyond those technicalities, we expect all institutions to take the mental health and wellbeing of students seriously.

On whether the Funding Council has a role, I would say that we have a leadership, support and funding role. The Scottish Government has given us money to distribute to support colleges and universities in providing mental health counsellors. That is a significant chunk of money—it is around £3.6 million of the overall £21 million of investment that is going in. That has been important in getting key support into colleges and universities for mental health and wellbeing.

To understand how the crisis is affecting students, at the end of last month, we started a programme of engagement with all the mental health leads in colleges and universities to discuss what is happening. We are undertaking a rapid survey to look at how much support is being given on mental health and wellbeing and what challenges there are, and we are in discussions with Big White Wall, which is the main supplier of online counsellors in the UK, to look at counselling services more widely and nationally.

The early indications from colleges and universities are that, although we have formal routes for support, students are sometimes going to learning support services. We will also need to look out for increases in mental health issues that we will need to support when we get to a new normal, when counselling services will still be required.

We are keeping an eye on how students' home environment affects them. In many cases, we know from our contacts in institutions that home environments, relationships and not having the privacy for confidential conversations with counsellors and others can be issues. We are also concerned about how we can provide support for mental health and wellbeing to those with digital poverty and technology issues. We are keeping a very close eye on those things.

We are working with not just the National Union of Students Scotland but with the institutions on how our funding works and whether it is sufficient—and, importantly, on what happens when term time ends, because we will get into a complex set of considerations about the support

that we can provide through our funding and the complexities of the benefits system.

Those issues are all in the mix. They are all up for discussion and we are keeping a close eye on them.

Rona Mackay: That is helpful. There have been suggestions that students should be able to repeat years or receive refunds for fees that have been paid in the current financial year. What is your opinion on that?

Karen Watt: Those are complex issues with many sides to them. On the issue of fees and refunds, we are not aware of a lot of requests coming in, but we are looking at the issue. I cannot speak for SAAS or the Student Loans Company, but it is fair to say that if, for example, an institution is really struggling to keep tuition going—particularly in making sure that there is adequate online provision—there may well be a case for students looking at what they are being provided. However, as far as we can see, every institution has quickly pivoted to online support and provision, therefore we are seeing less requirement and less demand for refunds.

The support that has been given to institutions to complete courses online and to provide social support is incredibly important. Generally speaking, they are trying to maximise students completing their course in this academic year, particularly among those who are in their final year. The issue of repeat years is difficult and we would look to our specialist adviser, QAA, on that. Its guidance is that institutions must give students options and communicate effectively with them about their choices. Because many students will have been part or a lot of the way through the academic calendar, QAA is saying that, whenever possible, it is best not to repeat the year but to provide additional support and additional teaching and learning activities, refreshing parts of the course instead of repeating a whole slew of learning.

Rona Mackay: Just for clarification, can you tell us what QAA stands for, please?

Karen Watt: I am so used to using the acronym QAA—I apologise. It is the Quality Assurance Agency for Higher Education, which looks at standards of teaching and learning in universities.

10:15

Rona Mackay: Thank you for that. I take it from your answers that the situation will be monitored. You will not simply put your funding in and leave it; you will monitor the situation and make sure that all avenues are covered.

Karen Watt: That is absolutely the case. We have a number of expert working groups with not

just the QAA but Education Scotland and the college sector, and we are keeping a very close eye on the situation.

Jamie Halcro Johnston (Highlands and Islands) (Con): We will come on to discuss the support that might need to be provided in the next academic year, but I am interested in some of the challenges that are faced by students who are studying now.

What are you doing to support colleges and universities, particularly in relation to courses that cannot be delivered or that it is very difficult to deliver, via online learning, such as some of the more practical college courses and some of the university science courses?

Karen Watt: That is one of the biggest challenges that colleges and universities have had to pivot into addressing extremely quickly. It is not just a case of putting a set of lectures online; a fundamental set of issues needs to be addressed to do with how institutions manage to keep learning and teaching going in the current environment. It is fair to say that colleges and universities have gone to incredible lengths to get their teaching remote and online. They have acted very swiftly.

I would say that, for many students, the challenges are significant. Face-to-face teaching is extremely important for some students, and it works better for many of the practical subjects. Some students, such as students from disadvantaged backgrounds, care leavers and people who have been estranged from their family, do not always have the right environment for studying online, and that is difficult to address. In many cases, teachers and lecturers have had to be trained rapidly in how to use online tools and how to address online assessment issues.

Many institutions are learning from the best. For example, the Open University is phenomenally good at putting together the kind of approach that is necessary in providing learning and material online; it has even provided OpenSTEM labs. However, not all institutions have been able to reach that quality or standard of remote learning.

We are launching a survey and doing an assessment with an expert group to check our understanding of institutions' capacity to deliver online for learners. We will ask questions about the quality of the provision, the challenges, the support for staff to deliver, the support for students and the digital support. That will be overseen by a small expert group drawn from the sector—it will include people from the QAA and Education Scotland. I will be happy to keep the committee informed of the outcome of that assessment process as we go. It will involve looking out for students who are currently going through the

process, and there will be rapid sharing of practice in the sector so that we can learn from the best.

It is our job to make sure that we are comfortable with the quality, particularly when it comes to the pivot into online teaching and assessment.

Jamie Halcro Johnston: You are going to carry out a survey and an assessment, but you have not yet done anything concrete. Students are having their educational experience paused entirely or reduced. I do not know how long the reporting back process will take, but the longer it takes, the longer the impact will continue to be felt.

I want to ask about digital poverty. Last week, I asked the Cabinet Secretary for Education and Skills whether he had any figures for school pupils who were disenfranchised because of a lack of access to broadband or to technology. Are you aware of the impact of that issue in universities and colleges? The impact might be greater in colleges, where the use of online courses is less usual.

What can you do to remedy some of that impact? Obviously, online courses are great and a huge amount of work has been done but, if people do not have access to them because of a lack of equipment or technology, that is not particularly helpful.

Karen Watt: That is a live issue. When we brought forward our student support funding for colleges, we were explicit that the rules that had been established from the outset were not Covid tested. However, we very quickly provided much more discretion in the way that funds could be used. For example, colleges could switch to the provision of laptops or even broadband payments where that was required to ensure that students were connected. I know that a lot of colleges quickly delivered spare or repurposed equipment to many students in many communities.

Our sense is that we were very quick to enable the funding to pivot to what was required. We saw at first hand colleges reaching out into their communities and ensuring that equipment was delivered, and getting students online where that was needed. A huge amount of energy went into that, and part of our job was to ensure that there was enough flexibility in the funding mechanisms so that there were no barriers to doing that.

It will be an on-going issue. I know that the committee has an evidence session with the Minister for Further Education, Higher Education and Science, Richard Lochhead, coming up next week, and that we have a leadership group around the table.

Digital poverty is an extremely huge issue that is not just about what can be done in institutions;

more generally, there is digital poverty across communities of disadvantage in Scotland. I know that that is a workstream that is also being given a huge amount of attention in the Scottish Government.

Jamie Halcro Johnston: Have there been bottlenecks in getting that equipment or areas in which funding has not been made available? Have colleges or universities had any challenges in accessing that technology because of an inability to buy the equipment or to access funding to purchase it?

Karen Watt: We have asked colleges, in particular, where we have that responsibility to the student community, to talk to us and tell us about the issues. Currently, our assessment is that most of the funding that has been brought forward is being used in the way that we would expect. At this point in time, I am comfortable that we have done what we needed to do, but there is still some way to go. I suppose that the issue will be under constant attention.

Jamie Halcro Johnston: I have a brief final question. There will still be courses that cannot be delivered via online learning. Have there been any further discussions on, or practical advances in, how they might be delivered? For example, if they cannot be delivered because of classroom sizes, is there any scope for other facilities to be used? A huge number of hospitality venues and conference centres will not be able to operate, but they have large spaces in which social distancing might be possible with a more practical approach. Has that been part of any of the discussions? Could the Scottish Funding Council be involved in supporting that?

Karen Watt: That is under constant review. It is a matter not just of what can be done in a lockdown situation, but of what can be done as soon as there is the possibility of people emerging into such spaces. There is a huge effort now on how socially distanced learning can be provided, particularly in some subjects. Traditionally, in apprenticeships, for example, there has been in-work and practical assessment and there have been practical subjects for which people have needed to be in a setting that allows them to be delivered. There are working groups where the colleges have got together to look at that. An example is lab work in universities. All of that is under consideration at the moment.

Jamie Halcro Johnston: Do you know when you will get any feedback? When are those working groups likely to report?

Karen Watt: I do not have an absolute deadline, but the matter is being looked at urgently.

The Convener: Thank you for your commitment to keep the committee updated on that on-going work, Ms Watt. We welcome that.

We are already running a little bit behind where I had hoped to be at this time, so I ask members and our witnesses to be succinct, if possible.

Beatrice Wishart (Shetland Islands) (LD): Good morning, Ms Watt and Ms MacDonald. I will return to financial hardship for students. Will you expand on the situations that the hardship fund is for? Do you anticipate that wider support packages will become necessary?

Karen Watt: We have given discretion to colleges in particular, which are our primary focus, to think about what might be required in any form of student support both to maintain students' connection with learning and development and to provide a range of other services. There are many options for what colleges can do with the money and how they can support students.

Your question is a good one, though. Will the fund be sufficient? We are in conversations with the college sector about its assessment of what might be required, particularly as we go into the summer months. I suspect that most of the attention in those conversations will be on the situation that we find ourselves in, where many students will have had part-time jobs and they would have been looking to pick up work over the summer or during their continuing studies. There is a big concern about what will happen beyond June and July and how any discretionary funds can be used. We would normally expect students to have employment or to go into the benefits system if required.

I will pause there, because the matter is under a lot of active consideration. We are working with the NUS, colleges and others. We are making a commitment that we will do everything that we can to help students who are in hardship and to respond positively to institutions where we find very large areas that require further attention.

Beatrice Wishart: Thank you for that helpful answer, which contained a lot of important points. Some institutions will have anticipated higher levels of deferrals next year as people try to make room for recovery. If new or indeed existing students are considering deferring their education to make time to work and rebuild their resources, as has been suggested, how will that impact on the funding that is available?

Karen Watt: It is a little bit early to say, because there are so many moving parts in the decisions that students and others will be making. We are not seeing a marked level of deferrals, but I expect that people's behaviours and their decisions about what they want to do with their lives and their study will be shifting over the next few weeks.

Again, we need to monitor the matter closely. There may be a number of deferrals, but there will also be a number of people who make different choices given the labour market and the potentially catastrophic situation that we might see opening up. We might see not just more deferrals but more people choosing to study who would otherwise not have done so, because they cannot go straight into the labour market. Because of the effect on some jobs that people have traditionally found in retail and other parts of the economy that are going to be most affected, we might see additional numbers coming into the student market. Again, that is under constant review, but it is a little early to say.

Beatrice Wishart: Thank you for that helpful response. That was my final question—I am sorry that I did not say that at the beginning.

10:30

Gail Ross (Caithness, Sutherland and Ross) (SNP): I want to go back to Rona Mackay's point about mental health and wellbeing. This is a difficult time for everyone, as we know. You spoke about counsellors and extra support. How do we reach the students who are difficult to reach? Are institutions doing that proactively?

Karen Watt: It is entirely part of the expectation that has been set for the additional funding for counsellors that there are communications and routes to accessing the service, and there are expectations about how students understand the services. It is not just about funding the salaries of the additional counsellors; it is about how they go about their business, engage with the student population and ensure that the service is known about. As I said, the institutions tell us that students are contacting them in a number of ways. There will be referrals within the institutions and mechanisms that are set up for that, but often some of the front-line student support services are picking up issues straight away and dealing with them.

Gail Ross: The mental health of staff and lecturers is important as well. What do institutions have in place to support those individuals?

Karen Watt: As I said, we are doing an early reach-out to institutions to check in on how well the mental health and wellbeing issues are being dealt with. Even at the early stage of our first contacts, one of the issues that has been raised with staff across the Funding Council has been about how staff are feeling about workloads and their wellbeing. We are asking questions about internal counselling and whether the institutions are set up to support their staff.

As the Funding Council, it is much less our job to look at institutions as employers; our

fundamental focus is on outcomes, students, funding mechanisms and all the rest of it. However, that is one of the issues that has come back to us strongly in the early conversations, and we are now testing a little more the institutions' ability to respond to the issues that have been raised in the feedback that we have been getting.

Gail Ross: We are talking about what is happening now, but we are also looking to the future. Students and staff members might be well at the moment, but things might change as the weeks and months go on, so how do we ensure that we are providing that support in the future as well?

Karen Watt: That is a good point. Mental health and wellbeing is not one thing at a fixed point in time. Particularly during the Covid-19 situation, we are all experiencing ups and downs and dips. The feedback that we have been getting is that, for people in particularly difficult situations, there might be a ticking time bomb of mental health issues that will need to be responded to on an ongoing basis. The support that we have been putting into institutions is based on a long-term view of how to support the student cohort as they go through the different parts of their study and their lives. That is what the support has been set up to do. I suspect that we will see many calls on the support. It is not a one-off or a static issue; it will be very much in our minds and in the minds of institutions over the next few weeks and months.

Iain Gray (East Lothian) (Lab): I want to move on from the immediate position and look forward to the next academic year and beyond. In your introduction you talked about trying to provide assurances, stability and continuity for colleges and universities. I am thinking of universities, in particular. You said that, in order to do that, you have already published the allocations for the academic year 2020-21. Normally, those allocations would carry with them conditions—required outcomes, recruitment targets and so on. Given the circumstances, institutions might struggle to deliver some of those, so will you guarantee to the sector and individual institutions that the allocations will be given?

Karen Watt: The oddness of the situation in which we find ourselves is such that, if I was in front of the committee in normal circumstances, I would have said that there was a good budget settlement this year and that the allocations that we have made for the next year are good.

The allocation process allows institutions to plan properly, so we have made those commitments. That said, our funding is such that we are always spinning many plates throughout the year. We have provided a first assurance about the sort of allocation that institutions will receive, and we are keen to stick to that allocation.

We have a number of mechanisms to hold institutions to account, including conditions of grant, outcome agreements and our financial memorandum, which looks at conduct and a variety of financial issues. We have said that we will take as read the draft outcome agreements that we received in February and March, but we will say to institutions that we are not expecting them to meet all the targets that have been set, when there has been significant Covid-19 disruption. We have already given the assurance that, if undershooting is related to Covid-19, we will not claw back funds, which would usually be our main mechanism in such situations. We need to take a more fundamental look at the outcome agreements, because we will need with each institution to reset the contract on what the money is for.

In the immediate situation in which we have found ourselves, it was most important that we provided stability by saying what the funding allocation would be, and that we provided some reassurance that we would not unnecessarily claw back funding for missing targets that were clearly going to be missed because of disruption by Covid-19. We have made that commitment to the sector.

Iain Gray: That is helpful, but I want to explore those assurances a little further. One element, of course, is that the funding is provided for European Union students as well as for Scottish students. In previous years, institutions might have received £90 million for learning and teaching of European Union students. That might well be particularly impacted by reluctance to travel or the impossibility of travel, given what we have seen from Covid-19. Will you give an assurance that such funds will not be clawed back, but will remain in the higher education sector, so that the sector can achieve some kind of stability?

Karen Watt: That issue is definitely in the mix in the conversations that we are having. It is very early in terms of knowing exactly what will happen to student numbers. We anticipate quite a significant drop in the number of European and international students who come to Scotland.

We have given assurances that we will not unreasonably claw back funds. We will look at how they are allocated and how they will remain in the higher education system. That is very much the conversation that we are having at the moment.

Iain Gray: My final question is about the relationship between Scottish and European Union students, as well as other international students, which of course includes students from the rest of the UK who pay fees. The committee has asked John Swinney previously about the fact that the Scottish Government pays towards the tuition fees of Scottish and EU students but does not pay 100

per cent; it pays a proportion of the cost. When I have asked John Swinney to justify that, he has always done so on the basis that universities are able to raise other income by commercial means and, significantly, from fees that are received from international students.

Everyone who is looking at the situation believes that there will be an enormous decline in those fees for our universities. The Government could help the sector by paying for the learning and teaching of students who are supported by the Scottish Government—Scottish and EU students. Are you considering that? Could you press ministers to consider it? That, too, would be a way of supporting stability within the sector.

Karen Watt: We are looking at all possible options—I do not think that anything is off the table. When we look at the situation that universities are facing, we are initially asking them what they can do at their own hand, first and foremost by looking at all their operating costs including maintenance, capital works, efficiency savings and so on. There are many options in there.

We have always known that institutions cross-subsidise. As you know, university finances are so complex that there will always be an element of cross-subsidy because they are big businesses. When you look at the transparent approach to costing methodology—if it would be helpful at any level, there are many technical briefings on that—cross-subsidy is not unusual. The pandemic is an epic external event that, of course, forces us to look again at funding models. Nothing is off the table, and that suggestion will be part of the discussion about options.

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP): As Mr Gray did, I will ask a bit more about the impact of loss of income from international students. Will any particular types of institution be affected more than others by that? How are you engaging with individual universities on that?

Karen Watt: In normal times, the Scottish Funding Council would be most worried about the public spending envelope and how, for example, the colleges and universities that are more reliant on SFC money would manage on whatever spending settlement we negotiated and how the allocation would work.

Of course, the Covid-19 emergency puts almost the opposite spectrum into the system. As you know, we have a very diverse higher education system. We have brilliant very small specialist institutions, chartered institutions, and the ancient universities, for want of a better grouping. We find that the more research-intensive, internationally open, big ancient universities are being much more exposed by the crisis. We are having more

conversations with those institutions about their strategies and scenarios, and about how they are starting to model whether there might be a return of international students, and at what point in time.

Chartered universities, by and large, are feeling the squeeze—and not just in relation to public spending. They are exposed internationally and they have particular missions that connect them to industry and a range of other players, so they are finding the situation quite difficult. However, the quantum of exposure is largely in our ancient and more internationally active institutions.

10:45

Dr Allan: Is there anything that you can do to prepare universities for the return of international students in the future, either in helping them to actively recruit that cohort or to look at ways to change their business models? Are you having to scan the horizon on such issues?

Karen Watt: That is exactly right. If you are asking what the SFC is doing, we are assessing the situation and gathering intelligence. We are looking at all kinds of possibilities around business models and pushing into the UK loans that exist; we are looking at job retention schemes and at immediate cash-flow issues.

It will be for each institution to deal with this, but we are unlikely to get through the crisis without some form of either reshaping businesses or of looking again at our funding models. We need to ask what institutions can do at their own hand and what we can do sectorwise. We have funds, for example, for financial transactions, which are low-cost loans. We are looking at whether they can be repurposed.

However, what is done at the SFC's hand will not deal with all the crises. That is why it is so important that we are on groups such as the UK's sustainability and research task group, because some of the connections will be across the whole UK, so we need to look at what we can do using UK Government funding as well as what we can do with the Scottish Government's and our own funds.

Dr Allan: On that last point, are you looking with UK-wide research councils, for instance, at the impact that the crisis will have on research?

Karen Watt: Yes, we are.

Dr Allan: Other members have talked about practical problems around research. I presume that there will also be a substantial bite into the financial model that many of the universities are talking about.

Karen Watt: It was fantastic to get the additional £75 million from the Scottish

Government in recent weeks, because that is a huge signal of support for the research base in Scotland. We will be working closely with institutions on how that money will be distributed. That funding is immensely important.

We are also working with UK partners because there is a dual research-funding approach. The UK Government has already considered some rescue packages, which have mainly been for England and, therefore, are without consequential. However, the UK ministerial group that is now meeting is looking at the options for the research and science base across the UK. We are part of those discussions. They matter because, if nothing else, the amazing research that is being done will not just be incredibly important for Covid-19 and worldwide responses, but will be absolutely instrumental in Scotland's economic recovery and the linked innovation and productivity. Therefore, we are very active in those spaces.

Daniel Johnson (Edinburgh Southern) (Lab): Following on from Iain Gray and Alasdair Allan, I, too, have some questions about finances.

You have identified that as much as £651 million is at risk as a result of the loss of international students. However, that is not the only income source that is at risk, and it is important to look at the potential consequences of Covid-19 in full. Audit Scotland's report "Finances of Scottish universities", which it published last autumn, identified that £174 million-worth of income was derived from students from the rest of the United Kingdom. Those students are not able to travel; they might also change their behaviour and be cautious about studying here. That will have an impact. Likewise, a significant source of income, as identified in exhibit 2 of the report, comes from the "Other" category, which includes consultancy and venue hire. Added together, the total revenue that is at risk is about £1.4 billion. A worst-case scenario could be that 80 per cent of that figure—about £1 billion—is lost to the sector. Is that reasonable?

Karen Watt: We built up that estimate from the universities' models. In our briefing note, we mentioned a range of scenarios. If there is a complete drop in international students, there would be, at the top end, an operating deficit of £650 million. We have looked at the whole operating cost model to come up with that figure, which takes account of a range of income streams and some mitigating actions.

I am slightly hesitant in offering up our assessment, as it might be of spurious accuracy, or about coming up with a specific figure, because the situation is really dynamic. In many ways, it is hard to come up with a price tag or an intervention that would fill a quantum.

It is important that we keep assessing and monitoring this dynamic situation. When we did our first assessment, universities in particular were looking at their strategies and thinking about what could happen. Even at that point, we were still unsure about whether universities and colleges could access some of the UK's schemes. Now that that has been clarified, different strategies are emerging from some of the universities, based on what they can access, whether that be through additional borrowing or loans, and how that might play out. The situation has yet to crystallise.

There are also key points through the year to consider. We know that matters are coming into sharp focus for courts and governing bodies in May and June. September is another crystallisation moment, when we will know how many international students will come. However, the issue is not just whether international students will come, but whether they are prepared to come and have an online or blended learning experience, with the possibility of a deferral into January or February the following year. We do not know what in-country decisions will be made by other Governments or what decisions will be made by parents. The latter, for example, are looking at what is safe for their child, what situation they want to be in and what is happening elsewhere.

What happens in China, India, Malaysia and North America is critical to the situation and the scenarios that individual institutions are looking at. I am hesitant to provide an absolute figure, because I think that the situation is really dynamic.

Daniel Johnson: That is why I asked for an at-risk figure and not a total figure. My other key point is the need to acknowledge that that "Other" income category is just as important to look at as the fees income.

You also touched on the other side of the issue. It is tempting just to look at revenue, but it is also necessary to look at institutions' balance sheets. Between them, Edinburgh and Glasgow have 50 per cent of all the assets of Scottish institutions. There are some institutions that might be less exposed in revenue terms but, if we look at the impact on those institutions relative to the cash reserves that they hold, we can see that the consequences are much more severe. Are you doing an exercise to look at potential deficits in cash revenues? Are you going through a process of identifying institutions that are at risk from the point of view of their balance sheet position?

Karen Watt: The background paper that we have provided sets out the global position but, within that, we are looking at individual institutions. We would like to see the material that is going to courts and governing bodies so that we can dig into that a bit further. As you rightly say, when it comes to reserves, institutions do not necessarily

have a lot of cash and liquid assets available; sometimes their assets are fixed assets or take the form of endowments that have specific conditions attached to them.

The issues of how much cash is available to an institution, what the possibilities are, and how much borrowing capacity it has at the present time will form part of the exercise that we conduct on an on-going basis with individual institutions. As a funder, we always face a dilemma with regard to the extent to which we are looking at individual institutions and the extent to which we are looking at the whole system. We want to have not just sustainable institutions but a sustainable system in the long term, and that comes back to not just financial survival but what outcomes we want from further and higher education in Scotland, what kind of models we want to have and what we are willing to fund in the future.

Daniel Johnson: My final question is about where the funds might come from. I hear that you are in conversations with colleagues across the UK. However, given that England has a very different funding model for undergraduate teaching, what scope is there for the UK Government to provide a rescue package? To what extent will the Scottish Government have to find its own rescue package to meet the potential deficit that we have identified?

Karen Watt: That is very much an on-going conversation. The UK Government's early response has been to look at a package of reprofiling money. We are involved in conversations about research and science sustainability across the UK and whether further funds will come in through that route.

I know that the committee will hear from the Minister for Further Education, Higher Education and Science, Richard Lochhead, next week. The Scottish Government is looking not only at what package it could put in place at its own hand, but at what its expectations might be in the conversations with the UK Government. Conversations are taking place across education, the Department for Business, Energy and Industrial Strategy and the Treasury, and I know that Scottish Government ministers are in touch with their counterparts in the UK Government about having such discussions.

Alex Neil (Airdrie and Shotts) (SNP): I want to probe some of your assumptions a bit further. I take your point that, at the moment, it is a case of sticking your thumb in the air. Nevertheless, when making assumptions about the fall in income from international students, are you referring only to new international students coming to Scotland over the next three or four years, or are you also referring to existing international students? Are you assuming that the students who are already in

their first, second or third year will continue and complete their courses?

11:00

Karen Watt: Those are important questions. We have made a set of assumptions about new students, but there is also a calculation about the continuation of existing students, with lower rates factored in. The figures in our material take both into account, although the primary hit that we have factored in has been that in relation to new student intake, with some calculations behind the scenes on deferrals. The baseline for our first set of assumptions is a 30 per cent reduction in returning students and a 50 per cent reduction in new students, so both have been factored into the top line.

Alex Neil: The figure of 30 per cent for returning students seems high, particularly for those who are beyond their first year. You always get a higher drop-out rate in the first year anyway, with a much lower drop-out rate in the second year. Is the 30 per cent figure for existing students at the gloomy end of the range?

Karen Watt: It may well be. As I said, we are using individual institutions' assumptions, and each institution has made a different set of assumptions on new and returning students depending on their assessment of individual countries and what they understand about their student cohorts. We want to understand the modelling that they have done, as opposed to the baseline assumptions that we made for our top-line assessments.

Alex Neil: This year, we are paying £97 million for the fees of EU students. The Scottish Government has rightly given the commitment that existing EU students will be able to continue to the end of their courses. I think that we all support that. Assuming that there is a Brexit deal at the end of the year, or even if there is no deal, we will be technically out of the EU as of 31 December, so there will be no statutory obligation to continue to pay the fees of new EU students.

I know that the Scottish Government was looking into that issue anyway, irrespective of the Covid-19 situation, but what is the assumption if no new EU students come for whom we have to pay fees? Obviously, we want to encourage as many international students as possible to study here, but if we do not have to pay the fees of any new EU students who start next year, after we are technically out of the EU, how much of that £97 million will be saved?

Karen Watt: That is a good question. It is one that you might want to put to the minister rather than to me, because we are still having a conversation with the Government about what

policy and other assumptions we should play into our scenarios and modelling. I guess that there are policy considerations and then there is real, hard modelling—

Alex Neil: I am not asking you to comment on the policy; I am asking you what saving will be made if we assume that there will be no new EU students from next year. How much will be saved in the first year?

Karen Watt: I will ask Lorna MacDonald whether she has an absolute figure for you. I suspect that, given the way that this runs, it might not be absolute. We have different figures. Mine is nearer to £60 million, but I ask Lorna to comment in case she has a clearer sense of that.

Lorna MacDonald (Scottish Funding Council): We fund Scottish and EU students. The recent trend has been a reduction in the number of European new starts, and, as a consequence, we have been able to increase the number of funded places available for Scottish students. I think that that trend will continue further with the Covid-19 situation. As a consequence, more Scottish students have had the opportunity to take up places at university.

Alex Neil: With all due respect, that does not answer my question. I am all in favour of the current strategy of any savings going into increasing the number of funded Scottish students but, given the crisis in the financial situation, perhaps that money should instead be used to help meet the shortfall in funding. How much money are we talking about? I am asking for a ballpark figure, not one that is precise to the nth degree. Are we talking about £20 million, £30 million or £60 million? It could be a substantial amount of money. It would not solve the problem, but it could make a significant contribution.

Lorna MacDonald: The other way that I could answer that is by noting that the universities, when they put together the dataset that they recently submitted, assumed that that money will stay in the system.

Alex Neil: So, the forecast deficit assumes that the money will stay in the system. Is it staying in the system to fund additional Scottish students or to fund the deficit? It cannot do both.

Lorna MacDonald: It is staying in the system to fund more Scottish students.

Alex Neil: The implication is that, if any of that funding is switched to reduce the deficit, there will be a consequential reduction in the number of Scottish students who are admitted to Scottish universities. Is that right?

Lorna MacDonald: That is in the assumptions.

Alex Neil: How many students from Scotland would be funded through that mechanism?

Lorna MacDonald: I do not have that data available today, but we could provide it after the meeting, if that is agreeable to you.

Alex Neil: That would be great—thank you.

My final question is in two parts. First, I am working on the assumption that the deficit and the projections are over a three or four-year period. I also assume that it excludes the research side, which is being dealt with separately and has already had a welcome injection of £75 million, although it could do with more.

Secondly—this is the other part of the equation—universities are facing the biggest problem, but in your assumptions colleges could have a deficit in the first year of £25 million. I know that there are no hard and fast assumptions yet, but do you have a ballpark figure for the size of the deficit that the college sector will face over a longer period of two, three or four years?

Lorna MacDonald: To get to a £650 million figure for the deficit—£500 million is probably a more realistic figure—we have taken into account total operating costs. It is not one thing or the other; it is the total business and the operating deficit. That figure is an operating deficit for the 2020-21 academic year. We have yet to push the assessments beyond that into the next three or four academic years, but that is the nature of the iterative assessment that we will be doing with universities on an individual and a sector-wide basis.

You are absolutely right about colleges. The issue is what assumptions colleges should be working with. We have a group of finance directors working closely with us on that now, and we expect to get returns in the third week of May. A rounded, ballpark figure for the next academic year—I hesitate to give one because we have not got the projections in—would be that a deficit of £70 million could open up. That is based on a first estimate from the finance directors, and it comes before we have seen the projections.

Alex Neil: Can you give a yearly figure for the second year, rather than a cumulative one?

Lorna MacDonald: [*Temporary loss of sound.*—for a cumulative second year. My hesitancy about giving the figures is because they are ballpark figures and they are shifting. Let me give some examples. We assume that a college will understand what its income is from Skills Development Scotland or how the workforce development fund will work; we also assume that the Government's target for colleges to offer 116,000 full-time equivalent places will still be in play over a number of years. All those

assumptions and variables will shift and probably significantly change what the operating projections might be, particularly for individual colleges.

The Convener: Iain Gray, who wanted to ask a supplementary question, appears to have lost his connection. We will move on to a question from Jamie Greene.

Jamie Greene (West Scotland) (Con): Some people have described the current funding model for the higher education sector as a “house of cards”. That is because it has been built on a reliance on UK fee-paying and overseas students for its revenues. If that foundation is taken away, as has unexpectedly happened because of the Covid-19 crisis, the rest of it could topple.

Many in the sector have been quite forthcoming with warnings about their finances for quite some time and long before the current crisis. Is the SFC directly involved in a conversation about any fundamental changes that we might have to make to how we fund universities. If so, how will that be done?

Karen Watt: The job of the SFC, if we go back to our fundamental mission in statute, is to secure coherent provision in post-16 education across Scotland. Another part of our requirement is about the financial sustainability of education and ensuring that we are clear what the outcomes are for the public money that goes into it. On all those fronts, the SFC will need to look again at the funding models, the outcomes that we expect from public investment and the fundamental point about what coherent provision now looks like across Scotland.

In early February, we produced information on the financial sustainability of colleges and universities in Scotland. We were clear that there was an increasing reliance on international fee income and that that

“represents a key risk as markets become ever more competitive and global events can occur over which institutions have no control.”

Those comments were, unfortunately, prescient, because now we need to look again at those models. However, we also need to be careful that we are not throwing the baby out with the bath water, because there will still be international students who are attracted to our world-leading universities and there will be young people who still want to travel and study. At this stage, we simply do not know in what fashion and quantity; nor do we know whether international markets will return to anything like the current level of student mobility.

However, we are still an attractive place to come to study and work. Our higher education institutes are immensely respected globally; in many respects, they are world leading. In crafting any

new funding model, we need to be careful that it has enough flexibility to deal with shifts and changes that might come.

11:15

Jamie Greene: I agree with much of what you said. Our universities are well respected throughout the world, and we and the sector should be proud of that. However, a willingness to return to universities does not mean an ability to do so. We do not know what will happen in the future. I would expect the SFC to model different scenarios, based on the worst and best cases. The worst case could be that no one is allowed to return.

As you said, overreliance on that funding model was already a risk to many institutions in the sector, but that overreliance is a direct effect of the funding model that we have in place. Earlier, we talked briefly about Scotland-domiciled students, who should be of interest to us all. It is not just about how we attract overseas students. How do we get young Scottish people through our universities? There is currently a cap on their numbers. Do you foresee any changes to that as a result of what is, in effect, the subsidy disappearing?

Karen Watt: Again, I am hesitating, because those modellings and conversations are in train and we are still looking at what is possible. At this point, it is too early to say.

The modelling work is happening, but I return to the point that it needs to be set in the broader context of what we think colleges and universities are there to deliver and what outcomes we want them to achieve for us. If we come at it from that angle, we might look at a different set of models, because it would not be simply about a set number of places or our trying to fill gaps in the financial sustainability of individual institutions.

The funding model is work in progress. I will be happy to come back to the committee as and when some of that work progresses so that we can share much more of our thinking on it. It is too early to say exactly where some of that work will go.

Jamie Greene: I appreciate that. Throughout this session, you have been put on the spot to come up with answers. You have used phrases such as, "We are looking at all possible options", "Nothing is off the table" and, "It is a dynamic situation." I do not disagree with any of that, but I get the impression that we are not getting clear answers to some of our questions, perhaps because you do not have the answers. I think that the committee would appreciate it if, when that work has taken place, unless it is confidential, you share the results with us.

I accept that some of that will come down to politics because, ultimately, whoever is in charge of the Government of the day will make political decisions about it. However, I suspect that those decisions will be inspired by the financial modelling that the SFC will do, because its job is to make sure that our institutions are properly funded. Is it the case that you are presenting to the Government financial models and options that will allow it to make political choices? If so, when will that work take place?

Karen Watt: It will be an iterative process, because choices will need to be made around the assumptions that go into the models. However, we will test that.

We are still at the early stage of trying to fully comprehend the individual institutional impact and to work through the possible consequences. I do not want to give the impression that it is a scientific model; we will not press a button and come out with something. However, we are exploring what the assumptions might look like and, increasingly, testing that sense of the outcomes that Scottish Government ministers are still keen to ensure that we deliver.

For example, in most of the work that we do, it will still matter that there is fair access to further and higher education. Ensuring that people from disadvantaged communities still have access and can be supported in their studies will have consequences for the nature of the provision that we make. There will be assumptions about high-quality research: for example, we still want excellent research to happen and to have pipelines for talented researchers in their early careers and a focus on collaboration.

All those assumptions will be tested as we go, because there will need to be a balance in all things. We will not be able to have everything and we will probably not be able to have the same nature and structure of further and higher education that we currently have, if we are facing quite significant changes. We will have to balance competing policy drivers with the funding envelope that we have, and we will have to consider the nature of a fair distribution of funds. That is a complex situation but, again, I am very happy to keep the committee informed of work on that basis.

Jamie Greene: I am not competing with Mr Neil on questions, but I have a final one, which you can answer with a simple yes or no. Is it the case that, without the financial intervention of a Government at this stage, there is a distinct possibility that some universities will simply not survive?

Karen Watt: I hate being asked for a yes or no answer on an issue such as that one. I would say that there is a distinct possibility that the shape

and nature of the sector will not be the same as it is now in a year's time or two years' time if there is not significant intervention—of course, that might involve reshaping the sector.

Iain Gray: I have a technical question for Lorna MacDonald. The idea of supporting institutions by removing the cap on the increase of Scotland-domiciled students is an attractive one. However, can you confirm that, unless the Government commits to fully paying the costs of learning and teaching, that would create a greater burden for the institutions, as each student would represent a cost to the universities?

Lorna MacDonald: The issue is wider than that, as it involves the whole of the tertiary system. We need to consider the impact that that policy would have on the college sector.

Increasing the cap is not a simple issue. There is a lot of interplay between various factors, because there could be a reduction in the number of European students. If we removed the cap, that would put pressure on other budgets, such as the SAAS budget, because there would be an increase in demand on the SAAS.

As Karen Watt says, all the factors are being considered at the moment, so nothing is off the table.

Daniel Johnson: It has been stated that all options for student funding are on the table, and you said that a range of funding models are being examined. Those two statements will sound like euphemisms to a lot of people. There are only so many sources of revenue—foreign students, external sources of income, central Government funding and charging Scottish undergraduates. Can you confirm that those sources make up the range of options that you are considering in your examination of the situation? In particular, can you say whether the idea of charging Scottish undergraduates is one of the options that you are looking at?

Karen Watt: At the moment, that is not Government policy, as you know. The Administration has not asked the funding council to model charging. That is not one of the options that the Government has asked us to model at this time.

On income streams, I genuinely want to make the point that, if we look in the round at how we deal with an extremely complex and difficult set of issues, it is important to remember that, particularly in Scotland, we have lots of opportunities to consider how universities and colleges can work better together and to consider regional models of collaboration. We have yet to push into the area of shared services. We could have hub-and-spoke models and there are various federated options and so on.

I make that point merely to say that, although there are of course important points to bear in mind with regard to the funding mechanisms, it is important to remember that institutions, taking policy into account, will need to think about other models for the delivery of the provision that Scotland needs. That is why I am slightly hesitant about focusing entirely on the modelling, because I think that we are going to have to get into a different range of collaborative options.

There have been some good reports on the subject recently. For example, Paul Little and Audrey Cumberford produced a good report on the future of colleges, which considered the adoption of hub-and-spoke models and shared services approaches. Similarly, the report by Anton Muscatelli considered potential research changes. All of that work now needs to be viewed through a Covid lens while we think about what some of it might mean in future.

The funding model is important and we have to think about the options for where income might come from, but we also need to push into the issue of how institutions can organise themselves to deliver for students, industry, business and learners.

The Convener: Before I invite Ross Greer to ask our final questions, I want to ask you how dynamic the system can be in responding to the immediate effects of Covid-19. Many of our colleges' offerings in hospitality, beauty, drama and performance and so on are greatly impacted by the pandemic because we do not know what the future of those industries will look like, and we will not know that for some time to come.

I am particularly interested in the support for education because, if we want to get the whole economy going, we will have to get our schools and nurseries operating at a decent level. There are also issues around the expansion of early learning to 1,140 hours a year and the support that is provided for workers in that area. Given that you are used to working with a funding model that operates on a yearly cycle, how quickly can you increase the numbers of qualifications in the nursery care sector and in teaching in general, if that is required as a result of smaller class sizes and so on?

Karen Watt: That is an important question. When we give funding to colleges, in particular, they have choices about the nature of the skills that they are trying to deliver and the courses that they run. We are in conversations about what we think the workforce of the future will look like and the critical skills that we are going to need. We are thinking about how we can put as much flexibility as possible into the system so that, for example, colleges can turn to the sorts of courses that are needed very urgently.

The question will not be answered by a college or by the funding council; it will be answered only by looking at the issue in the round and thinking about the qualification authorities and the kind of micro credentials that might be needed. All those things need to be in the mix, and those are the kinds of groups that are at work at the moment, looking at all the possibilities.

The other thing is that, when we consider how much flexibility we can put into the system, we are also looking at what the constraints are. The college sector is working closely with us on where there are barriers that would prevent a college from being able to deliver quickly the skills that are needed in the market for particular professions. Those are the kinds of conversations that we are having about flexibility, targets and barriers to the provision that might be needed as we go into what I suspect will be a difficult recovery period for the labour market.

11:30

Ross Greer (West Scotland) (Green): I welcome your comments on the SFC not attempting to claw back money from colleges if outcomes are not met because of the virus. You used as an example international and EU students, which I suppose would largely affect universities. You said that, if an institution has significantly fewer international or EU students, the SFC will not attempt to claw back money. Is that also the case with overall student numbers? If an institution has significantly fewer students than it would otherwise expect to have, and if that is not specifically down to international or EU student numbers but is a result of a dramatic reduction in Scotland-domiciled students, would that also be a scenario in which the SFC would not attempt to take back part of the money given in the settlement?

Karen Watt: Yes. We have said that that applies where there is a Covid-related issue. It will apply not just where there are issues with international and European students, but where domestic students have had real difficulties in continuing their studies—for example, in practical subjects or because laboratories have closed. We need to take a sensible and pragmatic approach.

Ross Greer: Fantastic—thank you.

From talking to family members, I am aware that college lecturers are already being told by management about what they might have to deliver next term. They will be expected to deliver the same amount of work but with physically reduced class sizes. Only around 30 per cent of a normal class will be physically present, in order to achieve social distancing. Obviously, lecturers will not be able to simultaneously deliver in-person

classes to the 30 per cent and online learning and support to the 70 per cent who are not in class at that time. What is the SFC's role in discussions between colleges and unions about what will be expected of staff? Significant financial implications are involved if more lecturers are required to deliver the same amount of learning.

Karen Watt: You are absolutely right. We have been in a lot of discussions in which that issue has been absolutely front and centre, for unions and institutions. That includes discussions about how much time lecturers take to teach online and in completely different ways. Those discussions have not yet come to a point at which the answers are obvious. The issues are also being raised in the ministerial leadership group.

I hesitate to put the Funding Council into the employer and employee relationship space. We have not traditionally been there; neither is it our proper and real focus. Our focus as the Funding Council is much more about outcomes for students and funding for particular outcomes. However, we are at a number of tables where issues are being raised about what the situation means for lecturers, and about the amount of time and energy that they will be putting into a range of ways of delivering learning and teaching.

Ross Greer: My second set of questions go back to the issue of student support. Will you detail a little more the SFC's role in the delivery of the student hardship fund for colleges? Is your role in essence to give each college a block grant for that, or do colleges make an approach to you based on the demand from their students? Are you setting minimum criteria to ensure consistency? What is your role in the delivery?

Karen Watt: It is a bit of all of that. We have a global amount that we put towards student support, which is then disaggregated for individual colleges. The point that I was making about hardship funds was that, within the given allocations, we have provided much greater flexibility for colleges in how they can use that money. We have given the sector a lot more guidance about how it can be used, but we do not track every penny into every individual student's pocket, so to speak.

We do not disburse the funds directly to students. We give the funds to colleges, with greater flexibility. However, we have also said to colleges that, if they need to front load programmes or if they are struggling with their allocations, they should speak to us and we will consider what other flexibilities we might have.

We are looking at all of our non-core funds to ensure that any other additional funds that are available are being used in the best way. Supporting students who are in particular hardship

is one area that we would consider. Does that answer the question?

Ross Greer: That is helpful. I probably packaged about five different questions up as one.

Reporting is important. Can you say more about your role in monitoring the disbursement of funds? It may be that every college is asking for more money than is available. In a sense, that is good, as it means that colleges are trying to support their students. If there is significant variation in the amount that colleges appear to be disbursing to their students, that would be of interest to us nationally. It would be useful to know whether the SFC is monitoring the relative levels of use of the fund.

Karen Watt: The answer is yes. We are trying to balance flexibility and accountability. We are looking at that, and we get regular returns from colleges. Although we have brought forward the £2 million advance funding and provided that flexibility, we are monitoring the situation. We have not had significant numbers of requests for additional money, because we have directed some of the discretionary money. The pot is made up in particular ways. For example, we might not be asked to disburse funds for travel costs during the Covid-19 crisis, so we have directed that portion of student support into hardship funding.

We are comfortable that colleges are redistributing funds and that, so far, they have redistributed sufficiently to do what they need to do. We have given flexibility and we are not being inundated with requests for additional support, but we are monitoring the situation carefully.

Ross Greer: My final question goes back to something that you said in the discussion with Beatrice Wishart. You will be aware that university students and the NUS have been asking SAAS to support university students over the summer. You mentioned that the employment that students would be looking for over the summer will not exist. Has the SFC considered support for college students over the summer? I mean more general support, rather than the specific type that might come from the hardship fund.

Karen Watt: That is complex and difficult, but we are looking at it. If a student needs to continue their studies into and beyond June, the student support would follow that. We are now asking ourselves and others what happens beyond June or July when a student has come to the end of their studies. Higher education students would be considered as continuing; a further education student would often be stopping their studies and going into some kind of work or into the benefit system.

The point that I made earlier is that we must consider what to do about the five-week delay in

universal credit or delays in other benefits. That is the point that we are exercised about. We want an ability to wrap around that. However, that is an immensely complex issue and we have not solved it. The interaction with the benefit system is immensely difficult, but I have a team of officials who are looking at student support with the NUS and SAAS and those are some of the things that we are wrestling with.

Jamie Halcro Johnston: I lost the audio there, so I apologise if this point has already been covered.

My question relates to points that have been made by Jamie Greene and Daniel Johnson. What role has the Scottish Government's further and higher education ministerial leadership group had in guiding or supporting your response? When did the group last meet? Has it had discussions on the funding of higher and further education? Has it discussed the potential introduction of charges for Scottish students?

Karen Watt: The ministerial leadership group meets every week. It has a strong cast from a broad range of stakeholders. The early meetings were very much about sharing issues and every stakeholder hearing those issues. We presented our financial sustainability papers to that group, so they have been subject to in-depth discussion.

A broad variety of issues have been discussed. I think that the group last met yesterday, when the topics for discussion included a presentation on international students and student support issues. Every week, the group has a round-up of issues and action points, and specific topics are discussed in detail.

The main benefit of the leadership group is not just the direct connection with Scottish Government ministers and officials, but the fact that it has a broad range of stakeholders from universities, colleges, community learning, the NUS and award agencies. It brings all those people round the table virtually.

Jamie Halcro Johnston: Has there been any discussion about potential fees for Scottish students at university or any issues regarding university funding models?

Karen Watt: Funding has been a constant thread through most of the conversations in the leadership group. That issue has been aired and universities have had the opportunity to talk about what they are doing and what they expect Government to do on a range of fronts. That has largely been about how we put together a case to the UK Government for additional support funding and how we support ministers in their conversations.

The Convener: That concludes questions from the committee. I thank Karen Watt and Lorna MacDonald for their participation, which has been helpful. We look forward to hearing from you on the areas that you have agreed to follow up on.

The committee will meet next Wednesday at 9.30, when we will take evidence from the Minister for Further Education, Higher Education and Science about the coronavirus outbreak and its impact on those sectors.

I thank everyone for their attendance.

11:44

Meeting continued in private until 12:15.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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